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TODAY: MONEY Investing in Blue Chips, Page 15

Loud Thud at Democrats' Party

Departing Adviser's Troubles: 'Dumb and Dumber'

By R. W. Apple Jr.
New York Times Service

CHICAGO — It did not seem to matter much to the Democratic partisans on the convention floor that President Bill Clinton's chief strategist, accused of sexual peccadilloes, had headed home in disgrace.

With the smell of victory in their nostrils, they greeted Mr. Clinton on Thursday night with a long, full-throated, placard-waving ovation. And he, ever the smiling optimist, responded by assuring them that "we are on the right track to the 21st century."

As they cheered and he spoke, in a polished piece of political oratory tailored to the age of the small screen and the strictures of fiscal stringency, in a 67-minute acceptance speech far more fluent than his main rival's if not as eloquent, he looked like a man without cares.

But in truth he was not. Trouble could not possibly have come at a worse time, just a few hours before Mr. Clinton delivered his appeal to the nation that he hopes will elect him, nine weeks hence, to a second term — trouble not so much with party loyalists, perhaps, but with those on the fence.

From the Democrats' point of view, at least, it could not have been a worse kind of trouble. It would

NEWS ANALYSIS

have been better if Dick Morris, midwife of President Clinton's political rebirth, a co-author of Thursday night's speech, had been accused of robbing a string of banks.

But Mr. Morris, the ambidextrous strategist who nudged Mr. Clinton back into the center after the Democrats' disastrous losses of 1994, was accused by the Star, a supermarket tabloid, of consorting with a prostitute. Neither he nor the White House confirmed or denied the charge, but in a sense, that was beside the point; the minute the story hit the streets,

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John Hillery/Reuters

President Clinton accepting renomination.

Buoyant Clinton: 'Hope Is Back'

He Leaves on Campaign Tour After Outlining 2d-Term Goals

By Dan Balz
Washington Post Service

CHICAGO — President Bill Clinton, having given his blueprint for a second term in the White House with his acceptance speech to the Democratic National Convention, embarked Friday on a weekend bus trip through the South that was designed to solidify the gains he made this week.

The president was in an upbeat mood at his last appearance in Chicago, buoyed by the reception Thursday night for his acceptance speech, in which he declared that "hope is back in America."

He pledged to use a second term in the White House to "build a bridge to the 21st century."

Mr. Clinton, whose prospects for re-election appeared difficult 18 months ago, confidently sketched out an ambitious second-term agenda with a blizzard of proposals that included tax cuts for children and college education, job creation for welfare recipients, a national crusade for literacy and guarantees of extended health insurance coverage for unemployed workers.

He said that America was "on the right track," but warned that the country could be derailed by the big tax cuts offered by his Republican rival, Bob Dole.

Mr. Dole's economic plan, he said, could "explode the deficit," raise interest rates, threaten a new recession and create "another mountain of debt."

The president repeatedly played off a theme that Mr. Dole used in his accept-

Bill Clinton and Dick Morris, opposites in so many respects, still were political brothers. Page 3.

ance speech in San Diego two weeks ago, in which he offered himself as a bridge to the past and a better America.

Noting that in two months Americans will choose the first president for the next century, Mr. Clinton said, "The real choice is whether we will build a bridge to the future or a bridge to the past; about whether we believe our best days are still out there or behind us; about whether we want a country of people working together or one where you're on your own."

Mr. Clinton generated tremendous excitement inside Chicago's United Center, but what was to have been the crowning moment of the Democratic convention and a night of personal celebration for the president was dimmed by the resignation early Thursday of Dick Morris, the chief architect of his political recovery.

[A political poll that tracks voters' opinions day by day showed Friday that Mr. Clinton got a solid bounce from the Democratic convention and was leading Mr. Dole by 20 points, Reuters reported from Washington.

[The ABC News poll of 1,011 registered voters said that Mr. Clinton was favored by 54 percent, compared with Mr. Dole's 34 percent and 8 percent for the independent presidential candidate, Ross Perot. It had a 3.5 percent margin of error.

[Half the interviews were done before Mr. Morris resigned and half after.]

The president sought to put that matter behind him in Chicago with an hour-long speech that demonstrated all of the political skills and policy interests that helped make his political recovery possible.

What looked like a Hollywood set most of the week gave way to an old-fashioned convention atmosphere, festooned with American flags, balloons and banners. The cheering began with Mr. Clinton's entrance and built throughout the speech.

"It was a helluva experience," said an Illinois delegate, Don Thomas. "He was terrific." A Kentucky delegate, Ann Toni Keriakaes, agreed: "A great pep rally."

Mr. Clinton was introduced by Vice President Al Gore, who gave his second

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Dole Presses Clinton to Delay Vote By Bosnians

By William Claiborne
Washington Post Service

SAN LUIS OBISPO, California — Bob Dole has urged President Bill Clinton to postpone presidential and parliamentary elections in Bosnia-Herzegovina, saying that under present conditions, the Sept. 14 balloting will be a "fraud with the American stamp of approval."

Mr. Dole, the Republican presidential nominee, called the planned elections "a sham in the making." He said opposition candidates had been intimidated, refugees had been unable to return to their homes, and war criminals were roaming free. He also said that there had been little progress toward development of independent media and that freedom of movement had not been established within Bosnia.

"Elections held under these circumstances will only serve to unfairly legitimize national extremists, entrench ethnic divisions and condemn Bosnia and its people to authoritarianism and partition," Mr. Dole said Thursday in a letter to Mr. Clinton that the Dole campaign released on the next-to-last day of a weeklong vacation and campaigning trip to California.

Municipal elections in Bosnia were postponed indefinitely this week by the Organization for Security and Cooperation in Europe. However, the Clinton administration has said that presidential and parliamentary elections should proceed as scheduled.

"I cannot conceive of a single compelling national interest for pressing forward on Sept. 14," Mr. Dole said. "Indeed, to the contrary, I believe that putting American prestige behind such a process only serves to undermine our leadership and makes a mockery of our commitment to democratic principles, while making it more difficult for U.S. troops in Bosnia to accomplish their goals. I cannot comprehend why the United States supports holding elections under such circumstances."

Mr. Dole said U.S. policy toward Bosnia was "in need of serious alterations."

Mr. Dole did not refer to the Bosnian elections in a campaign speech to several thousand enthusiastic supporters here. But he reiterated his campaign promises that he would never relegate decision-making in critical matters affecting U.S. foreign policy to the United Nations or any of its organizations.

Mr. Dole's campaign also released a letter he wrote to Vice President Al Gore in which he sharply criticized Mr. Gore's speech Wednesday night at the Democratic National Convention. Recalling that Mr. Gore had referred to him as one-half of a "two-headed monster," Mr. Dole said the comment was a "sad statement that certainly did nothing to restore civility to our political discourse."

Rebels Cast A Shadow Over Mexico

Troops Scour South After 13 Killings

By John Ward Anderson
Washington Post Service

MEXICO CITY — A triumphant State of the Union address due Sunday from President Ernesto Zedillo has collided with a new guerrilla force that is deadly serious about overthrowing the Mexican government.

The escalation of guerrilla warfare against the government earlier this week, which left 13 people dead and 23 injured in coordinated attacks across central and southern Mexico, stripped away the veneer of calm and stability that Mexico had enjoyed in recent months after one of the most turbulent periods in its modern history.

In the process, observers here said, the attacks laid bare the truth about the continuing fragility of Mexico's political, military, social and economic fabric in the 20 months since President Bill Clinton stitched together a $40 billion U.S. bailout package to rescue the peso and the Mexican economy.

"Zedillo was going to deliver a speech bragging about his electoral reforms victory and how the economy is out of the recession and we've got a new debtor-relief program, and this delivered the message: Hey, you're still very vulnerable, and you better watch out," said a Mexico City economic analyst, Jonathan Heath.

The immediate fallout, Mexican and U.S. observers said, will be to damage investor confidence and delay the return of foreign investment lost over the last two years following a series of political assassinations and kidnappings, a rebel uprising in the southern state of Chiapas, and the devaluation of the currency and collapse of the economy.

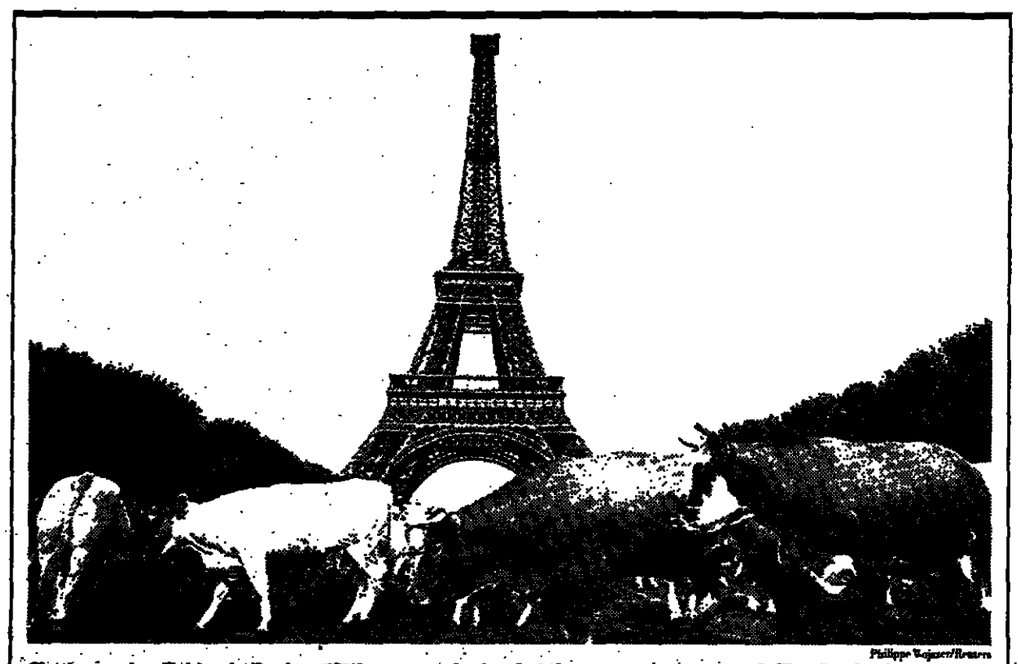
The Mexican stock market fell 29.43 points, or 0.8 percent, on Friday, following a 2.4 percent drop on Thursday. The peso slid 4 centavos Friday, to 7.58 pesos to the dollar.

"This is because of the guerrillas; they've provoked a panic among foreign investors," said a worker at a Mexico City currency exchange.

Analysts said that the new insurgency could also deal a critical blow to Mexico's war on drugs and its efforts to stop the flood of narcotics into the United States by diverting units of the army away from anti-drug operations and into counterinsurgency activities.

The Mexican Army now has thousands of soldiers manning road blocks, guarding government installations and searching for guerrillas across central and southern Mexico.

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Philippe Wojazer/Reuters

Cattle grazing Friday in Paris as their owners demanded the government act on falling beef prices.

France Facing a Season of Protests

A Morose Nation Crossly Awaits Proposed Cuts in Social Benefits

By Anne Swardson and Charles Trueheart
Washington Post Service

PARIS — Protesters regularly flock to Paris to plead their cases and block traffic, but seldom do they spend all afternoon eating grass in the shadow of the Eiffel Tower.

Then again, the 30 cattle that arrived here on Friday, herded by several thousand farmers to Paris as part of a protest against the effect of "mad cow" disease on meat prices, are probably more content than the humans in France these days.

As the French return from their August vacations to school and work, they are facing an autumn of possible social protest, probable economic weakness and cuts in the social safety net that sustains them. Farmers are just one of many groups whose benefits are being nibbled away.

Like nearly all European countries, France has struggled for years to rein in its costly welfare state, but the impending cuts to social spending will slice even deeper into the daily lives of a range of people this fall. Already, union leaders and leaders on the left are scheduling protests that some fear could match the general strike that hobbled Paris for most of last December.

"It's going to get hot, and could happen any time," said Jacques Michel, a small-town mayor demonstrating with the farmers Friday on the Champ de Mars park under the Eiffel Tower.

The national pride that has sustained France even in its darkest periods seemed in short supply Friday. Malaise, a word the French invented, better describes the public mood.

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Curse of the Titanic: Liner Sinks Again

By William J. Broad
New York Times Service

NEW YORK — The Titanic, the unlucky ocean liner that sank on its inaugural voyage in 1912, sank again Friday in deep Atlantic waters, or at least a large part of it did. The setback seems likely to reinforce beliefs that the celebrated wreck is haunted by a curse.

A section of the wreck's hull, weighing about 11 tons and measuring 24 feet (7 meters) long and 20 feet wide, bearing four portholes and the remnants of four others, was raised this week by a expedition 380 miles (600 kilometers) off the coast of Newfoundland.

The expedition has been working for a month to salvage the ship's artifacts and sections of the rusting hulk.

The raising of the hull, the centerpiece of the commercial recovery efforts, was done by attaching large rubber bags filled with buoyant diesel fuel onto the hull plate as it rested on the ocean floor, nearly two and a half miles down. The method succeeded Thursday afternoon in floating the piece to within about 200 feet of the sea's surface, where it hung suspended from ropes.

The plan was to lift the hull plate Friday onto a ship for transport to shore and eventually to New York harbor, symbolically ending the doomed voyage that began 84 years ago.

But seas became rough and a decision was made to tow the hull section to shallower waters over the Grand Banks of Newfoundland, where seas were expected to be smoother and the lifting easier. Early Friday morning, for reasons that are still obscure but apparently involve snapped cables and lost balloons, the hull plate parted from towing ship and fell back to the ocean floor.

Philip S. Pennellatore, a spokesman for the expedition's sponsor, RMS Titanic Inc., said in a telephone interview from Boston that an acoustic beeper was attached to the hull plate and that its batteries are expected to last two years.

"They're planning on going back at some point to successfully bring it to the surface," he said.

Dow Jones	Trib Index
Down 31.44	Down 0.82%
5616.21	136.03

The Dollar

New York	Fri. close	previous close
DM	1.4808	1.4771
Pound	1.5628	1.5576
Yen	108.95	108.42
FF	5.069	5.0613

Newsstand Prices

Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1.600 CFA	Qatar	10.00 Rials
Egypt	£E 5	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10.00 R.
Gabon	1100 CFA	Senegal	1,100 CFA
Greece	350 Dr.	Spain	225 PTAS
Italy	2,800 Lire	Tunisia	1,250 Din
Ivory Coast	1,250 CFA	U.A.E.	10.00 Dirh
Jordan	1.250 JD	U.S. Mil. (Eur.)	$1.20

Airbus Partner Seeks to Lure Swedish and Italian Firms

By Barry James
International Herald Tribune

PARIS — The head of one of Airbus Industrie's four partners said Friday that he was trying to bring the aircraft makers Saab of Sweden and Alenia of Italy into the European consortium as it seeks to restructure itself as a stand-alone enterprise.

"I am devoting all my energies to our winning over the other European aircraft manufacturers — that is, our Italian friends Alenia and our Swedish friends Saab — to participate in this new partnership," Manfred Bischoff, the chief executive officer of Daimler-Benz Aerospace, or DASA, said at an aviation conference in London on the eve of the Farnborough air show.

With the demise of Fokker NV of the Netherlands, Saab and Alenia are Europe's two major aircraft companies outside the Airbus consortium, which also includes Aerospatiale of France, British Aerospace PLC and Construcciones Aeronauticas SA of Spain.

A spokesman for Airbus Industrie in Toulouse said that the consortium had no official comment to make on the remarks of Mr. Bischoff, who, he said, was speaking in his capacity as head of DASA.

A Saab spokesman in Stockholm said the company would be interested in discussing cooperation with Airbus but that it had not been contacted directly by the consortium, AFX reported.

Airbus announced in July that it would transform itself into a company by the end of the century in order to compete more efficiently with its main

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AGENDA

Worried by Iraq, U.S. Moves in Gulf

WASHINGTON (AP) — U.S. warplanes in the Gulf area have stepped up flight activity, and the Pentagon is considering other moves in response to Iraqi troop movements in northern Iraq, Pentagon officials said Friday.

"There are movements of forces that concern us," said a spokesman, Lieutenant Colonel P.J. Crowley.

He said President Saddam Hussein of Iraq has moved some of his forces north toward the region occupied by Kurdish separatist factions. There was no immediate indication of the size of the Iraqi force.

French Open Own Probe Into TWA Explosion

PARIS (AP) — Pressed by the families of French victims, the authorities decided Friday to begin their own investigation of the explosion that brought down TWA Flight 800 in July near New York. It was not clear, however, what progress the judge, Chantal Perdrix, could make in the case. About 50 French nationals were among the 230 people aboard the Boeing 747.

Explosion area is pinpointed. Page 5.

The National Football League's 1996 season begins Sunday. A special preview for each team appears on Page 19.

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First U.S. Arms Arrive For Croat-Muslim Bloc

42 Tons of Weapons, Plus Training, Due

By John Pomfret
Washington Post Service

SARAJEVO, Bosnia-Herzegovina — The first shipment of U.S. weapons promised to the Bosnian government under a program to train and equip a joint army of Croats and Muslims has arrived in Sarajevo on a private transport plane.

The delivery Thursday night constituted the first batch of 42 tons of rifles, machine guns and radios scheduled to be flown into Sarajevo over three days.

The Clinton administration has pledged $98.4 million worth of weapons. By October, Bosnia is to receive 46,100 rifles, 1,000 machine guns, 45 battle tanks, 80 armored personnel carriers and 840 anti-tank weapons, along with communications gear, generators and 15 utility helicopters.

Turkey is providing additional weaponry and, U.S. officials said, Egypt recently pledged a significant amount of artillery, including 12 field guns, 12 howitzers and 18 anti-aircraft guns.

The equipment is being given to Bosnia's Muslim and Croat forces on the condition that they unite their armies, *which together control 51 percent of Bosnia.*

The program aims to redress the balance of power in Bosnia by providing the Muslim and Croat forces with firepower to counter that of the better-armed Bosnian Serbs.

Almost every European country opposes the program, which is led by the United States.

Western European officials, saying that the buildup is pumping heavy weapons into an already unstable environment, worry that once the Muslim forces obtain the weapons and military training, which will be given by U.S. and Turkish advisers, they will resume the war in Bosnia.

Representatives from Military Professional Resources Inc., an American company, are already in Bosnia on a multimillion-dollar contract to train the Croat-Muslim force.

Officials from the firm, which is composed of former U.S. military officers, held their first seminar for Croat and Muslim military officials in Sarajevo this week.

The equip-and-train program has been delayed many times since November, when it was announced at the Bosnia peace negotiations in Dayton, Ohio.

Croat nationalists opposed the program because they did not want to merge their militia into the mostly Muslim Bosnian Army. Recently, however, most of the opposition has come from the Muslims, U.S. officials said.

James Pardew, the U.S. official in charge of the program, said that he was "unhappy with the level of progress" in carrying it out.

■ Serbs' Caches to Be Moved

The Bosnian Serbs' army will be allowed to relocate 2,500 tons of ammunitions now stored in a series of unauthorized sites, Agence France-Presse reported Friday, quoting a NATO spokesman in Sarajevo.

Explaining why the caches will be moved rather than destroyed, Captain Mark van Dyke, a spokesman for the international force guarding the peace in Bosnia, said that while the storage sites violated the Dayton agreement, "the Bosnian Serbs informed us about these sites, and it justifies a different way of enforcing compliance."



Denis Charlet/Agence France-Presse

Michele Martin, Marc Dutroux's wife, looking out the window at a house Mr. Dutroux owns in Jumet, Belgium, as police searched for the bodies of children believed buried there.

Belgium Tightens Release Rules

Tribunal Would Review Cases on Child Sex Offenders

Reuters

BRUSSELS — The Belgian cabinet approved tougher rules Friday on the early release from jail of convicted child sex offenders, as the country continued to reel from the discovery of a pedophile sex ring.

Justice Minister Stefaan De Clerck said that among "certain new measures" was one setting up a special tribunal responsible for reviewing requests for early release. It would work on the basis of unanimity.

Up to now, the decision on early release has been left to the justice minister and based on a majority of opinions from people ranging from the original prosecutor to social workers, psychiatrists and prison staff.

"The minister of justice will no longer be involved in deciding conditional release," Mr. De Clerck said at a press conference after the first cabinet meeting since the affair broke two weeks ago.

Victims of sexual abuse would receive more help, abusers would be treated in special centers and be more closely monitored on their release and there would be better international coordination between police forces, he said. He added that 8,000 existing files would be reopened.

Prime Minister Jean-Luc Dehaene, in his first public statement on the scandal, said everything possible would be done to ensure that it would never happen again.

"Children represent our future," he said. "They deserve a happy childhood. We must protect and guarantee their rights. Everything must be put in place so that this drama is never repeated."

Marc Dutroux, released from jail on a majority opinion 10 years early in 1992 from a 13-year sentence for multiple child rape, was arrested and charged two weeks ago with abduction and illegal imprisonment of children.

In two weeks of searching police have so far discovered the bodies of two 8-year-olds, Julie Lejeune and Melissa Russo, in the garden of one of the six houses Mr. Dutroux owns in and around the southern city of Charleroi.

They have rescued two other sexually abused girls, Laetitia Delhez and Sabine Dardenne, from a dungeon in another of his houses and are searching for at least two others, An Marchal and Eefje Lambrecks, whom Mr. Dutroux admitted kidnapping.

Police searching for the bodies of the missing girls with British radar-imaging equipment said Friday that they had found two "hot spots" in the basement of a house owned by Mr. Dutroux.

'Cybercop' on the Internet Porn Beat

Compiled by Our Staff From Dispatches

STOCKHOLM — The recent establishment of a "cybercop" to patrol the Internet, seeking out child pornography, is a first step toward banishing such material from the global network, a conference on the sexual exploitation of children heard Friday.

Norway's ombudsman for children, Trond Waage, said that to date there was very little action that could be taken to stop the distribution of child pornography on the Internet.

But he said the establishment last week of an international body to monitor child pornography on the Net, a task taken on by the Norwegian branch of Save the Children, was firm action against pedophiles using the Net.

"This is a kind of a cybercop," Mr. Waage said at a press conference at the first World Congress Against the Commercial Sexual Exploitation of Children.

"We need some *visible cops* on the Net. If you undertake these kinds of criminal activities someone will monitor you."

He said Save the Children would look out for anything suspicious on the Internet and encourage other users to contact the group's site if they came across child pornography on the Net.

All information will be handed over to the police, and Save the Children will work closely with the international police authority, Interpol, to track the sources down, he said.

Save the Children's program coordinator, Markus Aksland, said no one had any idea how much — or how little — child pornography was *available* through the Internet.

He said entering the keyword "pedophile" brought up 5,438 hits on the Internet, but this was a dramatic fall from four years ago, with pedophiles hiding themselves and using codes.

The conference was told that despite worldwide efforts to stem child pornography, the market was booming. *(Reuters, AFP)*

BRIEFLY

Will IRA Declare New Truce? Sinn Fein Expresses Doubts

BELFAST — The Sinn Fein leadership expressed pessimism Friday about chances that the Irish Republican Army would declare a new cease-fire, saying that the truce announced in Ulster two years ago had clearly been a *failure.*

The IRA declared a cease-fire in October 1994 but broke it last February.

"If I were to ask the IRA, along with others, to put in place a second cessation, I think the answer that we would get at this moment in time is that we have been there, done that and it hasn't worked," said Martin McGuinness, the second-ranking official in Sinn Fein, the political wing of the IRA.

Speaking in an interview with BBC radio, Mr. McGuinness said that for the peace process to be relaunched, the IRA must be included in ongoing talks and a time frame had to be set. *(AFP)*

Norwegians Move to Recover Bodies in Arctic Plane Crash

LONGYEAR, Norway — Searchers began trying to recover bodies Friday from a Russian airliner that crashed into a mountain on the Arctic island of Spitzbergen, killing all 141 people aboard.

Policemen and an accident inquiry team went by helicopter to the site on the island, and officials said that mountain climbers might even be called in.

The crash site is inaccessible by land, and there is danger from avalanches and polar bears, officials said. Debris of the plane is on a mountaintop about seven kilometers east of Longyear.

The victims were mainly Ukrainian and Russian miners and their families. Although Spitzbergen, 800 kilometers (500 miles) off the northern tip of Norway is governed by Norway, Russia has rights of access under an international treaty from the 1920s.

Norwegian police also began seeking witnesses who may have seen or heard the Tu-154 jet hit the mountain Thursday as it prepared to land. *(Reuters)*

Germans Charge Ex-Spy Chief

KARLSRUHE, Germany (AP) — Federal prosecutors said Friday that they had filed charges against Markus Wolf, the former East German spymaster, for organizing the Cold War abduction of a defector from the secret police and his girlfriend.

Mr. Wolf's agents tracked down Walter Thraene and his companion in Austria in 1962, beat them unconscious and took them to a Czechoslovak prison, from where they were returned to East Germany for trial, the federal prosecutor's office said.

Mr. Thraene was sentenced to 15 years in prison for treason. He died in 1993. His girlfriend, who was not named, was imprisoned for more than three years.

Although Mr. Wolf was not personally involved in the kidnapping, he picked the person to head it and monitored its progress, the office said.

Mr. Wolf, 73, already faces other charges and was convicted in 1993 of treason for planting a spy in the office of Willy Brandt, then West German chancellor, and for having a spy at NATO headquarters and another at the West German intelligence service.

He was sentenced to six years in prison but, in October 1995, Germany's highest court overturned his conviction and ordered a retrial. *(AP)*

Dutch End Military Draft

AMSTERDAM — The Dutch government ended national military service Friday, halting a 187-year tradition *that in recent years foisted long-haired conscripts on a* conservative military establishment.

Defense Minister Joris Voorhoeve said the draft no longer fitted with the army's role in a world where peacekeeping has taken over from combat.

The Netherlands will now develop a professional army after acting recently to reform what it regards as slack standards.

Until now, the country's 120,000-strong army has included about 40,000 conscripts, drafted for 14 to 16 months. Toward the end, national service was *cut to* between seven and nine months. *(Reuters)*

TRAVEL UPDATE

Strike Halts All Mainline Trains in Portugal

LISBON (Reuters) — Portuguese international and mainline trains came to a standstill Friday as engineers began a weeklong strike, a spokesman for the Portuguese railroad said.

The railroad, Caminhos de Ferros Portugueses, used buses to take international passengers to the border, where they could continue their journey by train.

The union is demanding better working conditions. It also accuses the state railroad of not honoring an accord that put an end to a series of strikes in 1994.

Ferry Builder Blames Poor Upkeep for Disaster

HAMBURG (AP) — Sloppy maintenance and mechanical defects known to the operators of the ferry Estonia caused it to sink in the Baltic Sea in 1994, killing 859 people, the ship's German builder said Friday.

Water gushed into the ship's hold after the bow cargo door broke open in high seas "because the hinges were in disastrous condition," said Peter Holtappels, a lawyer for the Meyer-Werft shipyard, which built the ship in 1979.

A 20-month investigation commissioned by the shipyard also concluded that the ferry company knew that two major parts of the ship did not seal properly, Mr. Holtappels said. The ferry owner, Tallinn-based Estline, has denied fault, as has Meyer-Werft.

Tourism in France Dropped Sharply in '96

PARIS (AFP) — Tourist numbers dropped significantly in France this year, with hotels being particularly badly hit, the country's tourist chiefs announced.

Hotels suffered a 10 percent drop. Those tourists who came also spent less, according to a survey of French tourist offices.

In New York, the two Brooklyn-bound upper lanes of the Manhattan Bridge reopened to car traffic Friday after three years of repair work. *(NYT)*

RELIGIOUS SERVICES

AMSTERDAM

CROSSROADS INTERNATIONAL CHURCH Interdenominational & Evangelical Sunday Service 10:00 a.m. & 11:30 a.m./ Kids Welcome. De Cuserstraat 3, S. Amsterdam Info. 020-641 8612 or 020-6451 653.

FRANCE/TOULOUSE

HOPE INTERNATIONAL CHURCH (Evangelical). 4, bd. de Pibrac, Colomier. Sunday service. 6:30 p.m.Tel.: 62.24.31.18.

FRENCH RIVIERA/CÔTE D'AZUR

NICE: Holy Trinity. (Anglican/ Episcopalian). 11 rue de la Buffa: Sunday Eucharist at 11 a.m.; Weekdays as on notice board. VENCE: St.Hugh's, ave. de la Résistance: Sunday Eucharist at 9 a.m. Contact Father Ken Lees 93 67 19 83.

MUNICH

INTERNATIONAL COMMUNITY CHURCH. Evangelical Bible Believing services in English 4:30 p.m. Sundays at Enhuberstr. 10 (U2 Theresienstr.) (089) 850-8617.

PARIS and SUBURBS

EMMANUEL BAPTIST CHURCH - An evangelical church in the western suburbs, all are welcome. 9:45 First Service concurrent with Sunday School, 11:00 Second Service with Children's Church. French Service 6:30 p.m. 56, rue des Bons-Raisins, 92500 Rueil-Malmaison. For info, call 47.51.29.63.

HOPE INTERNATIONAL CHURCH Hotel Orion at Paris-la-Défense, 8 bd. de Neuilly. Worship Sundays 9:30 a.m. Rev. Douglas Miller, Pastor. Tel.: 43.33.04.06. Métro 1 to la Défense Esplanade.

SAINT JOSEPH'S CHURCH (Roman Catholic). MASS IN ENGLISH: Sat. 6:30 p.m.; Sun. 9:45, 11:00 a.m., 12:15, 6:30 p.m. 50, avenue Hoche, Paris 8th. Tel.: 42.27.28.56. Metro: Charles de Gaulle - Etoile.

ST. MICHAEL'S CHURCH (evangelical Anglican). Sundays 10:30 a.m. (with children's club and creche) and 6:30 p.m. Midweek study groups. Christ-centered fellowship in the heart of Paris. 5 rue d'Agueesseau, 75008. Tel.: 47.42.70.88. Metro. Concorde.

PORTUGAL/ALGARVE

INTERNATIONAL EVANGELICAL CHURCH in Vale Judeu (17 km. West of Faro Airport, near Vilamoura). Sundays 10:30 a.m. English service (with creche and children's club) and 6 p.m. German service (with German children's club). Midweek study groups. Christ-centered fellowship in the heart of the beautiful Algarve. Tel.: +351 (89) 329635; Fax: +351 (89) 396547.

TOKYO

ST. PAUL INTERNATIONAL LUTHERAN CHURCH, near Idabashi Stn. Tel.: 3261-3740. Worship Service: 8:30 a.m. Sundays.

TOKYO UNION CHURCH near Omotesando Subway Sta. Tel: 3400-0047. Worship Services: Sunday 10:00 a.m. only.

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FLORENCE

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FRANKFURT

CHURCH OF CHRIST THE KING (Episcopal/Anglican) Sun. Holy Communion 9 & 11 a.m. Sunday School and Nursery 10:45 a.m. Sebastian Rinz St. 22, 60323 Frankfurt, Germany, U1, 2, 3 Miquel-Allee. Tel: 49/69 55 01 84.

GENEVA

EMMANUEL CHURCH, 1st & 3rd Sun. 10 a.m. Eucharist; 2nd & 4th Sun. Morning Prayer. 3 rue de Monthoux, 1201 Geneva, Switzerland. Tel.: 41/22 732 80 76.

MUNICH

THE CHURCH OF THE ASCENSION, Sun. 11:45 a.m. Holy Eucharist and Sunday School, Nursery Care provided. Seybothstrasse 4, 81545 Munich (Harlaching), Germany. Tel.: 49/89 64 81 85.

ROME

ST. PAUL'S WITHIN-THE-WALLS, Sun. 8:30 a.m. Holy Eucharist Rite I; 10:30 a.m. Choral Eucharist Rite II; 10:30 a.m. Church School for children & Nursery care provided; 1 p.m. Spanish Eucharist. Via Napoli 58, 00184 Roma. Tel.: 39/6 488 3339 or 39/6 474 3599.

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ALL SAINTS' CHURCH, 1st Sun. 9 & 11:15 a.m. Holy Eucharist with Children's Chapel at 11:15. All other Sundays: 11:15 a.m. Holy Eucharist and Sunday School. 563 Chaussée de Louvain, Chain, Belgium. Tel. 32/2 384-9556.

WIESBADEN

THE CHURCH OF ST. AUGUSTINE OF CANTERBURY, Sun. 10 a.m. Family Eucharist. Frankfurter Strasse 3, Wiesbaden, Germany. Tel.: 49/611.30.66.74.

EUROPEAN BAPTIST CONVENTION

BERLIN

I.B.C., BERLIN. Rothenburg Str. 13, (Steglitz). Bible study 10.45, worship at 12.00 each Sunday. James Hallin, pastor. Tel.: 030-774-4670.

BONN/KÖLN

I.B.C. OF BONN/KÖLN, Rheinau Strasse 9, Köln. Worship 1:00 p.m. Calvin Hogue, Pastor. Tel.: (02236) 47021.

BREMEN

I.B.C. (English language) meets at Evangelish-Freikirchlich Kreuzgemeinde, Hohenlohestrasse Hermann-Bose-Str. (around the corner from the Bahnhof) sunday worship 17:00, Pastor Steve Sligh, Tel. 04791-12577.

BUCHAREST

I.B.C., Strada Popa Rusu 22, 3:00 p.m. Contact Pastor Mike Kemper, Tel. 312 3880.

BUDAPEST

I.B.C., meets in Morica Zsigmond Gimnazium, Torokvesz ut 48-54, Sundays, 10:00 Coffee Fellowship, 10:30 Worship. Take Bus 11 from Batthyany ter. Other meetings, call Pastor Bob Zbinden, Tel. 250-3932.

BULGARIA

I.B.C., World Trade Center, 36, Drahan Tzankov Blvd. Worship 11:00. James Duke, Pastor. Tel.: 669 666.

FRANKFURT

INTERNATIONAL CHRISTIAN FELLOWSHIP, Sodenerstr. 11-18, 63150 Bad Homburg. A friendly, Christ-centered, church serving the English-speaking community. Sunday Worship, S.S. & Nursery 09:45. Weekday Groups. Pastor: M.P. Lavey. Call 06172-82728.

BETHEL I.B.C. Am Dachsberg 92 (English), Worship Sun. 11:00 a.m. and 6:00 p.m. Tel.: 069-549559.

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MOSCOW

I.B.C. Meeting 1100; Kino Center Building 15 DrujDruzhinnikovskaya UL 5th Floor, Hall 6, Metro Station Bemikadnaya. Pastor Don Deel. Tel.: (095) 971 3558.

NICE - FRANCE

I.B.C. 13 rue Vernier, English service, Sunday evening 18:30, pastor Roy Miller - Tel.: (093) 320 598.

PRAGUE

INTERNATIONAL BAPTIST FELLOWSHIP meets at the Czech Baptist Church Vinohradska # 68, Prague 3. At metro stop Jirihoz Podebrad Sunday a.m. 11:00 Pastor: Al major, Tel.: (02) 311 7974.

WATERLOO

WATERLOO BAPTIST FELLOWSHIP Worship 1400 at Swedish Church, Chaussee de Charleroi 2 across from McDonalds. Tel.: (02) 353 1585.

ZURICH - SWITZERLAND

I.B.C of Zürich, Gheistrasse 31, 8803 Rüschlikon, Worship Services Sunday mornings 10:30. Tel.: 1-4810018.

ASSOC. OF INT'L CHURCHES

BERLIN

AMERICAN CHURCH IN BERLIN, cor. of Clay Allee & Potsdamer Str., S.S. 9:30 a.m., Worship 11 a.m. Tel.: 030-8132021.

FRANKFURT

TRINITY LUTHERAN CHURCH, Nibelungen Allee 54 (Across from Burger Hospital), Worship 11 a.m. w/Child care. Tel.: (069) 599478 or 512562.

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EV. LUTHERAN CHURCH 20 rue Vesdaine. Sunday worship 9:30, in German 11:00 in English. Tel: (022) 310.50.89.

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VIENNA

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INTERNATIONAL PROTESTANT CHURCH English speaking, worship service, Sunday School & Nursery, Sundays 11:30 a.m., Schanzengasse 25. Tel.: (01) 2525525.

SYNAGOGUES

THE CONSERVATIVE JEWISH COMMUNITY in Paris "Adath Shalom" invites you to join them for Rosh Hashonnah and Yom Kippur services. For details and seats, phone 45.53.57.47 or write Adath Shalom, 22bis rue des Belles Feuilles, 75016 Paris.

Poland Acts to Ease Abortion Rules

Compiled by Our Staff From Dispatches

WARSAW — The lower chamber of the left-dominated Parliament voted Friday to ease Poland's abortion rules and allow women to request termination of pregnancy for social or financial reasons.

The Sejm, the lower chamber, voted 208 to 61, with 15 abstentions, to accept the liberalization. More than 100 lawmakers, mostly centrist and rightist, walked out before the vote to try to prevent a quorum.

The bill, expected to win the approval of the Senate and President Aleksander Kwasniewski, would allow abortions up to the 12th week of pregnancy if the woman has personal or financial difficulties.

Opponents, led by the Roman Catholic Church, argue that the move means allowing abortions on demand and restoring the Communist-era openness on abortion that ended in January 1993.

The vote, a blow to the Polish-born Pope John Paul II, aroused instant condemnation from the Catholic Episcopate.

The lower house "is simply lending its hand to a monstrous crime which will be carried out in the full majesty of the law on tens or hundreds of thousands of human beings," Bishop Tadeusz Pieronek said in a statement.

He appealed to doctors and nurses to boycott abortions.

Currently, abortion is allowed only if the fetus is irreparably damaged or the pregnancy endangers the health or life of the woman or results from crime or incest. *In all other cases, the doctors* performing an abortion and persons aiding in it face up to two years in prison. The woman does not face punishment.

Supporters of the change say the current law leads to bungled back-street abortions and abandoned babies. There has been a thriving business in abortion tours to neighboring countries for those women with enough money.

Danuta Waniek, a leftist deputy and a minister in the presidential office, said later that the move meets expectations of most Poles. "This law does not prevent believers from following religious principles in their lives," she added. *(AP, Reuters)*

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WEATHER

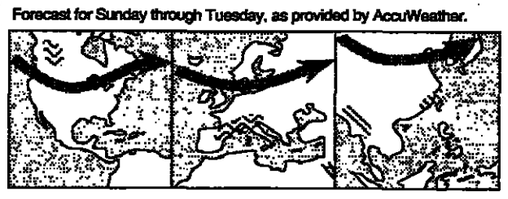
Europe

	Today High	Today Low	Today W	Tomorrow High	Tomorrow Low	Tomorrow W
	C/F	C/F		C/F	C/F	
Algarve	27/80	17/62	s	26/79	17/62	pc
Amsterdam	14/57	9/48	r	16/61	11/52	pc
Ankara	26/62	11/52	pc	26/62	11/52	c
Athens	28/82	21/70	pc	28/82	20/68	s
Barcelona	21/70	13/55	s	21/70	12/53	s
Belgrade	29/72	15/59	s	29/72	15/59	sh
Berlin	19/66	12/53	s	19/66	11/52	pc
Brussels	14/57	7/44	r	16/61	8/46	pc
Budapest	22/71	17/62	t	20/68	15/59	r
Copenhagen	19/66	13/55	t	19/66	11/52	pc
Costa Del Sol	33/73	17/62	pc	24/75	18/61	c
Dublin	18/61	10/50	pc	18/64	14/57	c
Edinburgh	19/61	9/48	c	19/61	10/61	r
Florence	24/75	12/53	pc	24/75	13/55	pc
Frankfurt	21/70	12/53	c	21/70	10/50	pc
Geneva	19/66	9/48	c	18/61	9/48	r
Helsinki	23/73	14/57	s	22/71	13/55	pc
Istanbul	29/70	19/61	pc	27/80	18/61	s
La Palmas	28/71	18/64	s	23/73	18/64	s
Lisbon	28/77	16/61	s	25/77	17/62	s
London	16/61	9/48	c	19/64	13/55	c
Madrid	27/80	10/50	s	27/80	11/52	s
Mallorca	20/68	14/57	s	19/66	13/55	s
Milan	24/75	12/53	pc	21/70	13/55	sh
Moscow	24/75	18/59	s	29/79	16/61	s
Munich	19/61	9/48	r	17/62	9/48	r
Nice	23/73	16/61	s	21/70	14/57	t
Oslo	18/66	11/52	t	19/66	12/53	c
Paris	16/61	8/46	c	17/62	7/44	pc
Prague	21/70	9/48	pc	21/70	8/46	pc
Reykjavik	16/61	9/48	r	13/55	8/46	r
Rome	28/77	19/55	pc	29/79	16/61	pc
St. Petersburg	23/73	16/61	s	29/79	17/62	pc
Stockholm	19/66	12/53	c	19/66	13/55	pc
Strasbourg	19/66	10/50	c	17/62	9/48	r
Tallinn	23/73	14/57	s	22/71	13/55	pc
Venice	21/70	13/55	sh	22/71	14/57	c
Vienna	21/70	13/55	c	22/71	13/55	r
Warsaw	24/75	15/59	t	24/75	12/55	c
Zurich	17/62	9/48	r	18/61	11/52	r

Middle East

Abu Dhabi	38/100	24/75	s	38/100	23/73	s
Beirut	29/84	22/71	s	29/84	22/71	s
Cairo	35/95	19/66	s	36/97	20/68	s
Damascus	33/91	16/61	s	33/91	16/61	s
Jerusalem	30/86	16/61	s	30/86	17/62	s
Luxor	43/109	23/73	s	44/111	23/73	s
Riyadh	41/106	28/79	s	41/106	25/77	s

Forecast for Sunday through Tuesday, as provided by AccuWeather.



North America
Thunderstorms in the northern Plains Sunday will be followed by cooler, drier air. The Northwest will be cool with with clouds and some sun. Mostly sunny and nice for the Labor Day weekend from the Ohio Valley to the Northeast. Hurricane Edouard will cause high surf along the East Coast.

Europe
The spell of cool weather will finally break in western Europe. London to Berlin will be partly to mostly sunny and much milder Sunday through Tuesday. Still sunny and warm in Moscow, but turning cooler Tuesday with showers. Cloudy and cool with showers from Austria to southern France.

Asia
Soaking rains will continue in eastern Tibet, northern Myanmar and south central China, while the central coast of China will have some heavy downpours. Beijing will be sunny and cool Sunday, then warmer Monday and Tuesday. Mostly cloudy, warm and humid at Tokyo through Tuesday.

North America

	Today High	Today Low	Today W	Tomorrow High	Tomorrow Low	Tomorrow W
	C/F	C/F		C/F	C/F	
Anchorage	13/55	9/48	r	14/57	8/48	c
Atlanta	31/88	19/66	s	29/84	20/68	pc
Boston	26/79	19/66	s	26/79	19/66	pc
Chicago	29/84	16/61	s	29/82	17/62	pc
Dallas	31/88	23/73	pc	30/86	20/68	pc
Denver	29/84	13/55	pc	29/84	13/55	pc
Detroit	29/82	16/61	s	27/80	18/64	pc
Honolulu	32/89	24/75	pc	33/91	24/75	pc
Houston	31/88	21/70	t	31/88	20/68	pc
Los Angeles	32/89	19/66	s	32/89	18/64	pc
Miami	32/89	25/77	r	33/91	26/79	pc
Minneapolis	29/84	18/64	pc	28/82	17/62	pc
Montreal	27/80	13/63	pc	24/75	15/61	s
Nassau	32/89	25/77	pc	33/91	28/79	pc
New York	27/80	17/62	s	27/80	21/70	pc
Orlando	32/89	24/75	pc	32/89	24/75	pc
Phoenix	43/109	29/82	s	41/106	29/82	s
San Fran.	24/75	14/57	s	25/77	14/57	s
Seattle	21/70	11/52	pc	22/71	12/53	pc
Toronto	27/80	15/59	s	28/79	15/59	pc
Vancouver	18/64	9/48	c	20/68	10/50	pc
Washington	28/82	19/64	s	29/84	22/71	pc

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, Hos, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1996

Asia

	Today High	Today Low	Today W	Tomorrow High	Tomorrow Low	Tomorrow W
	C/F	C/F		C/F	C/F	
Bali	33/89	23/73	s	31/88	22/71	pc
Bangkok	33/91	24/75	t	33/89	24/75	t
Beijing	31/88	19/66	t	32/89	21/70	pc
Bombay	29/82	23/73	t	29/82	23/73	t
Calcutta	32/89	24/75	pc	31/88	24/75	c
Chiang Mai	33/91	23/73	t	33/91	23/73	t
Colombo	29/82	24/75	pc	29/82	23/73	pc
Hanoi	33/89	27/80	pc	33/91	27/80	t
Ho Chi Minh	33/91	24/75	c	33/91	24/75	t
Hong Kong	31/88	25/77	pc	30/86	25/77	t
Islamabad	41/106	27/80	s	41/106	27/80	s
Jakarta	32/89	24/75	pc	30/86	23/75	pc
Karachi	31/88	24/75	pc	29/84	23/73	pc
K. Lumpur	32/89	24/75	t	31/88	23/73	t
K. Kinabalu	30/86	23/73	t	30/84	23/71	t
Manila	33/89	24/75	t	31/88	24/75	t
New Delhi	39/102	29/82	s	39/102	28/82	s
Phnom Penh	32/89	23/73	t	31/88	24/75	c
Phuket	33/91	24/75	t	32/89	24/75	t
Rangoon	33/91	23/73	t	32/89	23/73	t
Seoul	29/77	17/62	r	29/79	18/64	pc
Shanghai	28/84	22/71	t	29/84	22/71	pc
Singapore	31/88	23/73	t	31/88	23/73	t
Taipei	33/89	25/77	pc	32/89	24/75	t
Tokyo	27/80	21/70	sh	28/82	22/71	pc
Vientiane	32/89	28/79	pc	32/89	26/79	t

Africa

Algiers	34/75	20/68	c	33/91	20/68	s
Cape Town	17/62	8/46	pc	18/64	9/48	pc
Casablanca	22/71	17/62	c	23/73	18/64	pc
Harare	24/75	13/55	r	25/77	13/55	r
Lagos	27/80	23/73	c	28/82	22/71	c
Nairobi	28/79	12/53	pc	29/79	12/53	c
Tunis	28/82	23/73	t	34/93	24/75	c

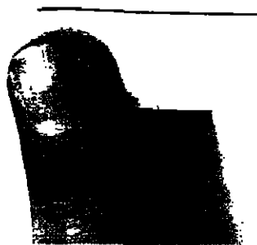
Latin America

Buenos Aires	22/71	8/46	s	18/61	8/43	pc
Caracas	33/91	25/77	pc	32/89	25/77	pc
Lima	22/71	17/62	pc	22/71	17/62	pc
Mexico City	24/75	14/57	t	25/77	14/57	pc
Rio de Janeiro	34/75	18/66	pc	29/77	19/66	sh
Santiago	15/59	6/43	c	13/55	3/37	r

Oceania

Auckland	11/52	4/39	pc	13/55	6/46	pc
Sydney	20/68	17/62	r	19/66	12/53	r

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CAMPAIGN '96
The Democrats in Chicago

The Clinton-Morris Bond: No Love Lost

By David Maraniss and John F. Harris
Washington Post Service

CHICAGO — Maybe the long and curious relationship between Bill Clinton and his campaign consultant, Dick Morris, had to end this way. The two, opposites in so many respects, nonetheless were political brothers. Their bond was unlike any other on the American political scene, a partnership that could not exist in any normal fashion, but thrived only in the mercurial realm of disaster and resurrection.

When Mr. Clinton was on top, he thought he did not need Mr. Morris. When he was in the depths, he needed no one more. Mr. Morris had brought him back from the political dead twice, first in Arkansas and again in the White House — and it was all leading to glorious moments like the night when a rejuvenated and in some sense reinvented president would accept his party's renomination and charge through America toward a history-making November triumph.

But Mr. Morris was long gone from Chicago by Thursday night. He had resigned, embarrassed by a sex scandal in the tabloids, saying he did not want to become the issue — and with that, slipped out of town.

He had helped shape Mr. Clinton's political destiny more than any figure with the possible exception of Hillary Rodham Clinton. But in the end there was no one around to reinvent or resurrect Mr. Morris.

When Mr. Clinton responded publicly to Mr. Morris's demise, he lamented him as a friend who had been invaluable to him. Mr. Morris bade farewell with a statement that emphasized the brighter side of their relationship as well, calling Mr. Clinton "a great president and a great man."

But beyond those words, there was no love lost. Mr. Clinton in private moaned that Mr. Morris was always getting too much credit. Mr. Morris in private disparaged Mr. Clinton as a man who, though brilliant politically, was hollow at the core.

Few others could understand their relationship at all. At the White House, Mr. Morris cultivated a small band of acolytes, but most of the other aides there disliked him intensely and took no small amount of pleasure at his missteps. They viewed him as a seductive and at times effective operator, but essentially over his head these past two years when he finally entered the national scene. He was, they said, a disaster in waiting.



Paul J. Richards/Agence France-Presse
Joe Lockhart, a Clinton-Gore press secretary, passing out copies of Mr. Morris's resignation letter in Chicago.

Once, after he had leaked a poll to the opposition camp of Bob Dole during the primary season, Erskine Bowles, then the deputy White House chief of staff, took Mr. Morris out for a talk about the behavior that would be expected of him in the White House. Leon Panetta, the chief of staff, also lectured him once or twice, but did not keep close watch on his activities. "Beyond that," said one White House aide, "there was not all that much we could do. Everyone is an adult in the end."

The timing of Mr. Morris's self-destruction is loaded with irony. Even his detractors acknowledge he had an enormous impact on Mr. Clinton since the dark final days of 1994, after Republicans had seized control of Congress for the first time in 40 years. Mr. Clinton considered that a personal defeat, one of the great traumas of his career, and he turned to Mr. Morris for help.

Even as he was advising Mr. Clinton through the 1980s, Mr. Morris was moving ever rightward in his consultancy, working more often for Republicans than Democrats. His clients ranged from Senator Warren Rudman of New Hampshire to Senator Jesse Helms of North Carolina, and even included some of Mr. Clinton's Republican adversaries in Arkansas. At one point in the mid-1980s, Republican leaders told Mr. Morris he would have to give up all his Democratic clients if he wanted to keep getting money from the Republican National Committee. He persuaded them to exclude Mr. Clinton from that deal.

When he was back with Mr. Clinton in Washington, he and the president worked out a national strategy they had perfected in Arkansas, positioning Mr. Clinton in the center, co-opting Republicans on their favorite issues, creating a permanent campaign in which there would be no distinction between running for office and governing in office.

It worked, remarkably, and when Mr. Morris arrived in Chicago to assist Mr. Clinton at the convention, he took pride that his candidate was on the road to becoming the first Democrat re-elected to a second term since Franklin D. Roosevelt. Mr. Morris strutted through the hotels of Chicago with enormous pride and confidence, giving background briefings to news establishments in which he spun the tale of how Mr. Clinton came back and how he would sweep the election and then move into the top rank of presidents in his second term.

If that happens, it now will be without Mr. Morris.

Tale of Affair Came Out by a Familiar Route

By Howard Kurtz
Washington Post Service

WASHINGTON — The subject was sordid: a cash-for-trash tale of sex and a political operative.

The timing was devastating: the day of President Bill Clinton's acceptance speech at the Democratic convention.

The delivery route was familiar: from the Star supermarket tabloid to the front page of Rupert Murdoch's New York Post, the same route that launched the Gennifer Flowers saga four and a half years ago. The Star paid Miss Flowers for her story saying that she had had an affair with Mr. Clinton when he was governor of Arkansas. Mr. Clinton, then candidate for president, denied it.

The bombshell Thursday about Dick Morris's alleged relationship with a $200-an-hour prostitute, who dished her dirt in graphic detail to the Star, did more than force the resignation of Mr. Clinton's longtime political guru. It exploded into the headlines, leading the news on CBS, NBC and ABC just as the president was about to bask in the televised limelight of his renomination.

The Star, whose "White House Call Girl Scandal" edition officially hits the streets Monday, would not disclose how much it paid the woman, Sherry Rowlands, for her account, but a Star reporter, Richard Gooding, told ABC's "Nightline" it was less than $50,000.

Dick Belsky, the Star's news editor, said Thursday: "We ran the story the minute we had it. The timing is purely coincidental." He said the tabloid gave an advance copy to the New York Post, where he and several other top executives once worked, because it was certain to leak out as copies of the Star were mailed out this week.

In July, Mr. Belsky said, Miss Rowlands "just called us up out of the blue and said she had this story to tell. For us, Dick Morris is not a big name. We just checked it out like anything else. It got more and more interesting. She had checks from Morris. She had Morris on her answering machine."

'We just checked it out. It got more and more interesting. She had checks from Morris. She had Morris on her answering machine.'

Mr. Gooding told ABC, "She thought this was important for people to know; she also needed some money."

By last week, the Star was an active partner in exposing Mr. Morris. With Miss Rowlands's help, a Star photographer took hidden-camera pictures Friday night of the two on the balcony of his Jefferson Hotel suite, with the couple in bathrobes at one point. Mr. Belsky said he did not believe Miss Rowlands taped Mr. Morris at the tabloid's request. Mr. Belsky said that "as far as we know" no one prodded Miss Rowlands to come forward and that she had no lawyer or agent.

"She wanted to end the relationship with Morris," he said. "She seemed to want to tell the story."

In a statement released by the Clinton campaign in Chicago, Mr. Morris called the story "yellow journalism," but did not address its accuracy.

The New York Post, which often picks up stories from the Star, has published several uncorroborated accusations about Mr. Clinton. Like some of Mr. Murdoch's British papers, it is known for criticizing politicians who do not share the Australian-born owner's conservative views.

"One always has to be concerned about the timing, but the fact of the matter is the story is solid," said Ken Chandler, the New York Post's editor in chief, who said he received the Star piece by fax Wednesday.

"We spoke to the editors at the Star and they provided us with documentation, some of which was in the magazine and some of which wasn't," he said. "When you have one of the president's top advisers letting a prostitute listen in on conversations with the president, I think that's a story."

Steve Dunleavy, a New York Post columnist, said the story "has nothing to do with Rupert Murdoch and the fact that he's conservative."

"Am I laughing at the story?" he added. "Tremendously. It isn't so much that a politician or a guru is cheating on his wife or going with a hooker; that happens all the time. It's that the man credited with so much brilliance would do this with a person he knows is a hooker."

Mr. Murdoch once owned the Star, based in Tarrytown, New York, but sold it in 1990 to what is now American Media, a Florida-based company that also owns the National Enquirer and Soap Opera magazine.

Andrew Heyward, the CBS News president, called the story "seamy" and "not the kind of thing we normally deal with." But he said Mr. Morris's resignation made it major news and that "if you downplay it too much, that could be seen as a political gesture, too."

Matthew Storin, editor of the Boston Globe, said from the convention that "we're back into the worrisome problem of trying to verify something that might have been paid for by a publication of mixed reputation." Still, he added, "there are 15,000 hungry lions here who have just been thrown a Big Mac."

ELECTION NOTES

You Can't Even Get Arrested in Chicago

CHICAGO — The cops won the battle of 1996 with a smothering fusillade of politeness.

It was no contest, as David Dellinger learned Tuesday, the second day of the Democratic National Convention. The 81-year-old activist, a leader of the anti-Vietnam War protesters who clashed violently with Chicago police at the 1968 Democratic convention here, had announced plans to be arrested that night. He joined about 500 others in a street protest that included the burning of an American flag and unsuccessful attempts to break through a line of horse-mounted police officers.

But the police, determined not to repeat the mistakes of 1968 that tarnished Chicago's image, refused to cooperate and Mr. Dellinger remained a free man.

Rebuffed by local authorities, Mr. Dellinger on Wednesday turned to the federal government. He and about 20 others invaded the lobby of a downtown federal building and demanded to see Senator Carol Moseley-Braun, Democrat of Illinois, who has an office there, to protest the incarceration of "political prisoners." After a brief standoff, they were arrested by officers of the Federal Protective Service.

"There was no resistance on their part to being handcuffed," said David Wilkinson, a spokesman for the General Services Administration. "They were quite receptive to the idea" of being arrested.

It has been like this all week, with police as determined to avoid controversy as they were to maintain order. Officers assigned to convention duty had been put through special training and were warned repeatedly to do nothing that would breathe life into the ghosts of 1968. *(WP)*

Gore and Tobacco: His Change of Heart

CHICAGO — Vice President Al Gore said it was "emotional numbness" that caused him to defend tobacco for years after his sister's death from lung cancer and said the need to break through that same "numbness" in society about the dangers of smoking caused him to tell the story of her illness in his speech at the Democratic National Convention.

Mr. Gore denied there was any political motivation behind the Clinton administration's new war against teenage smoking, just as he said there was no political calculation behind his defense of tobacco growers at a time he was campaigning in southern tobacco states during his 1988 presidential campaign.

On Wednesday, Mr. Gore said that his sister's death and statistics showing that 3,000 teenagers a day take up the habit had caused him to vow to protect "our children from the dangers of smoking."

In 1988, four years after his sister, Nancy Gore Hunger, died in "nearly unbearable pain," Mr. Gore had said at a campaign rally in North Carolina: "Throughout most of my life, I raised tobacco. I want you to know that with my own hands, all of my life, I put it in the plant beds and transferred it. I've hoed it. I've chopped it. I've shredded it, spiked it, put it in the barn and stripped it and sold it."

Asked about that quotation during a luncheon with reporters here Thursday, Mr. Gore said, "I felt the numbness that prevented me from integrating into all aspects of my life the implications of what that tragedy really meant" in terms of his policy views. "It takes time to fully absorb the most important lessons of life," he added.

Mr. Gore also said it was that same "numbness" from his sister's death that allowed him to continue to grow tobacco on his family farm in Tennessee for a time and to accept political contributions from tobacco companies as late as 1990. From 1979 until the end of 1990, he accepted $16,440 from tobacco political action committees. *(WP)*

Quote/Unquote

Bob Dole, campaigning in Southern California: "I know that the other side, they told California it's theirs. I'm not certain anything is theirs anymore. It's all up for grabs and we're going to go after it." *(AP)*

Away From Politics

• **In a victory for domestic violence victims who fight back, the California Supreme Court has ruled unanimously that judges must allow juries to consider expert testimony about battered women's syndrome in deciding whether to acquit a woman who killed a spouse or partner.** *(LAT)*

• **Three security guards face burglary charges after being recorded on videotape taking 42 Barbie dolls from a toy store in a shopping mall in Upper Merion, Pennsylvania. The dolls were taken from an F.A.O. Schwartz store during the guards' watch.** *(AP)*

• **Connecticut's policy of notifying communities about the presence of recently released sex offenders is unconstitutional when applied to people who commited crimes before the new policy took effect, a federal court has ruled.** *(NYT)*

• **A 62-year-old man was charged with planting two fake bombs in the Maryland Statehouse in Annapolis, after the second hoax in less than four weeks prompted a three-hour evacuation of the building.** *(AP)*

BOOKS

THE UNRULY QUEEN: The Life of Queen Caroline

By Flora Fraser. 537 pages. $35. Knopf.

Reviewed by Ruth Brandon

THE Prince of Wales has discovered that his recent marriage is a disaster he should never have agreed to. He returns to his mistress of many years' standing. Soon he and the princess are keeping separate courts. The pair unofficially separate, but the marriage drags on unsatisfactorily for years, until finally it is agreed that formal separation or divorce is the only answer. This then gives rise to further acrimony regarding money, titles and face.

But we aren't talking about Charles and Diana. This was during the years following 1795, when the ailing King George III's son and heir, popularly known as Prinny, contracted his ill-fated marriage with Princess Caroline of Brunswick.

What princess ever underwent such humiliations as the unhappy Caroline? After only a few weeks of marriage, her husband declined her company and made her life in his house intolerable. She moved out: He kept her short of money and tried to deny her access to their daughter, Princess Charlotte. He kept strings of mistresses; but she was to remain chaste on pain of death, adultery being a capital offense in a mother of potential heirs to the throne. Inevitably, though, she took lovers; inevitably, her husband spied upon her and did his best to blacken her name.

Caroline was uneducated and coarse, though lively, witty and a good musician. Kept from her daughter, denied more babies, she comforted herself by caring for other people's children, including a poor boy from Deptford who occasioned particular distaste at court. Prinny tried to prove this was her illegitimate son but failed when the parents were produced.

Finally, she abandoned her miserable life in England and took to travel. She set out on a world voyage, in ships provided by a reluctant Admiralty against the potent threat of her return. Anything but that! She settled in Italy and took a lover — Pergami, a genial and handsome fellow many years her junior, whose little daughter became the last of her adoptees. They lived together more or less openly at Pesaro for what were probably the happiest years of her life.

The tranquil life at Pesaro, however, was shattered when she found out, via a newspaper report, that her daughter had died in childbirth, a detail of which the British government had not thought it necessary to inform her. By now George III had died, and she was queen of England.

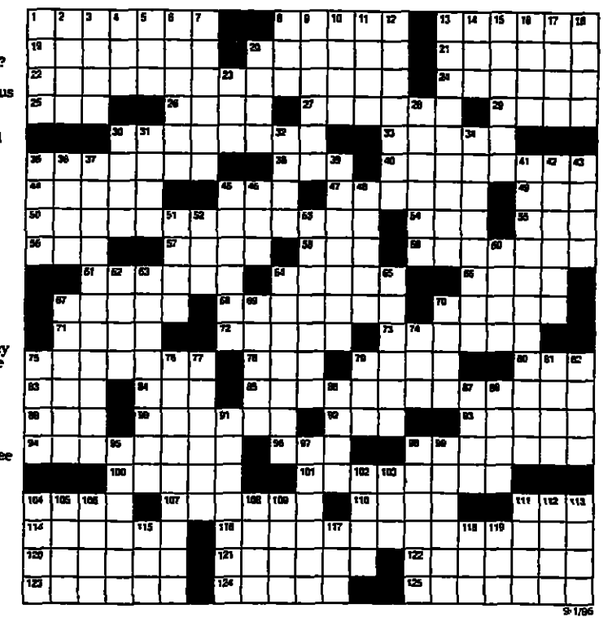
So she returned to London, to the horror and embarrassment of all. Prinny, now King George IV, wanted to divorce her and ordered her name removed from the liturgy. The scandal culminated in what amounted to her trial for misconduct in the House of Lords. She was "acquitted"; there would be no divorce. Nevertheless, he insisted that she not participate in his imminent coronation. Undignified and assertive of her rights as ever, she stormed Westminster Abbey. She battered on the doors and was forcibly removed. Soon after, and with some relief, she died. As Max Beerbohm put it, "Fate wrote her a most tremendous tragedy, and she played it in tights."

This is a long book with a cast of thousands. Ten years' research has amassed a mountain of detail, perhaps of more interest to the professional historian. But as the final climax approaches, the book gallops like a novel — though what novelist could ever imagine anything so baroque? Daphne du Maurier meets "The Prisoner of Zenda." The Princess of Wales should read it.

Ruth Brandon, the author of "The Life and Many Deaths of Harry Houdini," wrote this for The Washington Post.

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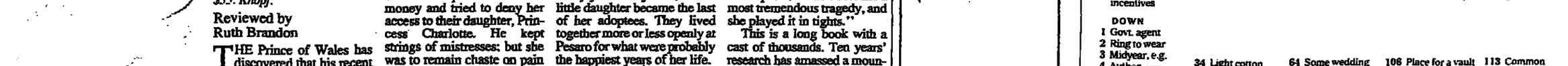
ACROSS
1 Labor Party, in England
8 Not as outgoing
13 Cut
19 Upper jaw
20 Somnolent state
21 Filmdom's Peter
22 "Nobody wants justice"
24 New version
25 Passeport datum
26 Kitchen finish
27 Puppet
29 Let go
30 "Vote early and vote often"
33 Dime——
35 More divine
38 Work unit
40 Aristocratic beliefs
44 It's said to be not as lovely as a tree
45 Comparative words
47 Grayish green
49 Excuse
50 "By the time we've made it, we've had it"
54 British parent, familiarly
55 Open school grp.
56 Add-on
57 Reddish-brown gem
58 Squealer
59 Walk like a vamp
61 Honda rival
64 Out of port
66 Get but good
67 Word with ticket or rail
68 "I used to be Snow White, but I drifted"
70 Dawdle
71 Ring contents?
72 Fawn-colored antelope
73 Salvador's country, to Salvadorans
75 Act of law enforcement
78 Suffix with expert
79 Ho Chi Minh trail locale
80 Bill in the till
83 Social worker?
84 Constellation next to Scorpius
85 "It's not easy bein' green"
89 Start of a vol. I heading
90 Broadway's fate?
92 Some promos
93 Simpletons
94 Italian noblewoman
96 Georgia, once: Abbr.
98 Supermarket device
100 Composer Bruckner
101 "Start every day off with a smile and get it over with"
104 Quite a nose
107 Kind of kick
110 Song syllables
111 Curator's degree
114 Be pregnant
116 "If I were two-faced, would I be wearing this one?"
120 Magazine illustration
121 Spree
122 Broke out
123 Treeless tract
124 Impurity
125 Purchase incentives

DOWN
1 Govt. agent
2 Ring to wear
3 Midyear, e.g.
4 Author —— Yutang
5 Years ago, years ago
6 Overcharge
7 Dentist's target
8 Angel's wish
9 Nautical rope
10 Monogram feature: Abbr.
11 Prefix with -morphic
12 Gerrymanders
13 "Every time a friend succeeds, I die a little"
14 Bothered, with "at"
15 Iman, at birth
16 Imposture
17 Sommer of film
18 It's done
20 One of TV's Huxtables
23 Indy 500 advertiser
28 Automatons
30 Actor McCowen
31 Wheels for wheels
32 Handy to
34 Light cotton fabrics
35 Foxes, e.g.
36 Fire ——
37 "You'd be surprised how much it costs to look this cheap"
39 Bribed, so to speak
41 "Everything you see I owe to spaghetti"
42 In an unspeakable way
43 Talented one
45 House support
46 Do lawn work
48 Adlai's 1956 running mate
51 Grueling 3-Down, for short
52 ——-jongg
53 Comparatively tanned
60 Ankles, anatomically
62 Der —— (Adenauer)
63 Wrong
64 Some wedding gifts
65 Diamond stats
67 The way of the gods
69 Equally
70 Track event
74 Twaddle
75 W.W. II participant
76 "Wit is educated insolence"
77 Judge
79 Stopper
81 Detecting ability
82 Elbe tributary
86 Dramatist Connelly
87 Mild oath
88 Peaty areas
91 Roof type
95 Fill
97 Workout garb
98 Popular product
99 1948 Oscar winner Trevor
102 Bakery offering
103 Cartesian words
104 Drinks: Abbr.
105 Kind of poll
106 Place for a vault
108 Construction piece
109 Fleming villain
111 Early feminist Lucretia
112 Vamoose
113 Common connections
115 Climax
117 Owns
118 Gist
119 Tax consultant, often

Solution to Puzzle of Aug. 24-25

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Ex-South Korea Leader To Appeal Death Ruling

The Associated Press

SEOUL — South Korea's former president, Chun Doo Hwan, who was sentenced to death for mutiny, treason and corruption, will appeal his conviction, his lawyer said Friday.

The former military leader will file his appeal by the deadline on Monday, said his attorney, Lee Yang Wood. Mr. Chun and Roh Tae Woo, an army friend who succeeded him as president, were convicted by a three-judge panel Monday, ending an eight-month trial.

The two men were found guilty of fomenting a 1979 coup and of ordering a subsequent military crackdown in the southern city of Kwangu in which hundreds of people were killed.

Mr. Roh, who received a 22½-year prison term, will also appeal his sentence, the national Yonhap news agency reported, quoting unnamed sources close to Mr. Roh.

It is unlikely that Mr. Chun's death sentence will ever be carried out because executions are rare in Korea.

The South Korean media had speculated that Mr. Chun might seek a pardon from President Kim Young Sam rather than pursue a legal appeal.

But Mr. Lee said the former president wished to clear his name.

"Mr. Chun has decided to continue his efforts to bring to light the real truth," the attorney said by telephone after visiting Mr. Chun in prison.

Mr. Chun has denied charges that he staged the coup to seize power, only to stop political unrest. He also denied that he had ordered the military to fire on demonstrators in Kwangju.

Offer Opens Taiwan's Door

The Question Is, Will Beijing Step Through It?

Reuters

BEIJING — A leading businessman from Taiwan has invited one of China's senior policymakers to visit the island, but Beijing was silent on whether the offer would be accepted.

The invitation was made by the businessman, Kao Ching-yuan, to Wang Zhaoguo, director of China's Taiwan Affairs Office, a spokesman for Mr. Kao said.

If Mr. Wang accepted and Taiwan's authorities allowed the visit, he would be the most senior Chinese official to go to the island since the end of China's civil war in 1949.

Mr. Wang was quoted by the spokesman as saying he would be happy to visit if he could, but did not commit himself.

In Taipei, a spokesman for the Mainland Affairs Council, which handles policy towards China, said the council would welcome Mr. Wang but noted that certain procedures had to be followed.

Mr. Kao heads a delegation of about 80 businessmen, economists and officials from Taiwan who arrived in Beijing on Tuesday for a 12-day visit.

President Jiang Zemin met members of the delegation Thursday and reassured them that Beijing would not allow political differences to stand in the way of trade and investment.

On Wednesday, Mr. Kao urged Beijing to resume talks with Taiwan, saying the island's investors would lose confidence in China if political friction impeded ties. The talks were suspended last year after a trip by President Lee Teng-hui to the United States.

Beijing has viewed Taiwan as a rebel province since the Nationalist government collapsed on the mainland and fled to the island in 1949. China insists Taiwan is not entitled to official relations with other countries.

Taiwan has banned direct trade and transport since 1949. Indirect trade and investment has been allowed since the late 1980s, usually through Hong Kong.



John MacDougall/Agence France-Presse

Delegates of the Moro National Liberation Front thanking President Suharto on Friday.

Manila and Rebels Initial Pact

The Associated Press

JAKARTA — The Philippine government and a Muslim rebel group that once fought for an independent nation initialed a pact Friday ending 26 years of civil war that killed at least 120,000 people.

Three years after they began negotiations, the two sides completed an agreement Thursday resolving all of their disputes and setting out the details of integrating the rebels into the Philippine armed forces and the regional police.

Nur Misuari, chief of the rebel group, the Moro National Liberation Front, said he hoped that other rebels soon would leave their jungle hideouts.

"I know it is a matter of explaining to them the wisdom of associating ourselves to this process of peace," he said.

President Fidel Ramos of the Philippines said "selfless efforts and steadfastness" had led to the accord. "I am confident that the opposition to the peace agreement will considerably be reduced and that eventually the peace and development process will be smoothly implemented," he said.

In the southern Philippines, tens of thousands of Muslims held rallies welcoming the accord. Mosques in Lanao del Sur and Lanao del Norte provinces conducted special prayers.

In Jakarta, where talks leading to the accord were held, Mr. Misuari and the Philippine government negotiator, Manuel Yan, initialed the pact in the presence of President Suharto and Mohammed Mohsen, assistant secretary-general of the Organization of the Islamic Conference. The peace agreement will be signed in Manila on Sept. 2.

BRIEFLY ASIA

Japan Raids 2d Drug Company In Probe of HIV-Tainted Blood

TOKYO — Japanese prosecutors raided the offices of a second drug company Friday in a widening affair over accusations that companies and researchers knowingly treated hemophiliacs with HIV-tainted blood products in the 1980s.

In a rare joint move, investigators of the Tokyo and Osaka district prosecutors' offices searched Nippon Zoki Pharmaceutical Co. in connection with the arrest Thursday of Takeshi Abe, former head of the Health Ministry's AIDS research team and vice president of Teikyo University in Tokyo.

The Tokyo prosecutor's office had arrested Mr. Abe on professional negligence charges, following legal complaints filed against him by the family of a hemophiliac who had received blood products that had not been heat-treated from Mr. Abe's team at Teikyo University Hospital.

Nippon Zoki, based in Osaka, had provided unheated blood products to the hospital.

Investigators were to question the company's employees about whether the company was aware of the risks of selling the unheated products. *(Reuters)*

Cambodia Aids Rebel Faction

O AN DONG, Cambodia — Cambodian government troops have been sent to help dissident Khmer Rouge guerrillas repel an attack by their former comrades in northwest Cambodia, army sources said Friday.

An officer said that about 200 government coalition army soldiers were sent to help the dissidents after clashes erupted with mainstream Khmer Rouge loyal to Pol Pot near the hamlet of Samlaut, south of the O An Dong military post on the strategic Route 10.

If confirmed, the aid would mark the government's first military assistance to the breakaway rebel faction since the rift in the Khmer Rouge emerged earlier this month. *(Reuters)*

For the Record

South Korean riot police stormed university campuses for the third straight day Friday in a bid to dismantle a nationwide radical student organization. The police said 164 students were detained during the surprise raids on 16 universities in Seoul, the southeastern city of Taegu and its surrounding North Kyongsang Province. *(Reuters)*

A mudslide set off by heavy rain and floods devastated an aborigine village in northern Malaysia, killing at least 13 people and leaving 16 missing, rescue officials said. *(Reuters)*

The number of Indian Hindu pilgrims killed in ferocious weather during an annual trek to a holy cave in the Himalayas has risen to 226, officials said in New Delhi. *(Reuters)*

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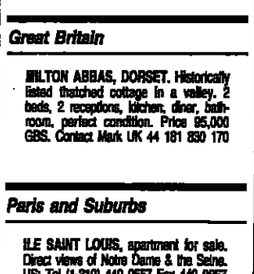
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Simulation Pinpoints Small Area as Site for Explosion on TWA Jet

By Andrew C. Revkin
New York Times Service

SMITHTOWN, New York — Federal investigators have created a sophisticated computer simulation of the final moments of Trans World Airlines Flight 800 showing that almost everything in the first spray of metal, luggage, and other material blown from the airplane came from one confined area on the right side of the jet, above and ahead of the wing.

The investigators say this simulation, a standard part of crash investigations, has helped them visualize the probable focal point of the explosion that ultimately split the plane.

Investigators examining wreckage from that section of the Boeing 747 also say they have found several new hints that a bomb may have exploded there, causing the airplane to crash July 17, killing all 230 people aboard.

Nonetheless, senior law enforcement officials insisted that the new evidence did not push them appreciably closer to the point where they could officially declare that the plane crash was the result of a criminal act.

An aviation expert and a law enforcement official who is an explosives specialist, both speaking on condition of anonymity, said they saw several fist-size holes that had been punched through the backs of two seats on the far right side of row 23. That is in the center of the area pinpointed by the computer as the site of the initial blast.

The holes in the sheet metal on the seat back are pushed through from the rear, indicating that the enormous force that created them came from behind, the explosives expert said. And row 24, the seats behind them, is missing, he added.

The explosives expert said that a lot of wreckage from rows 20 to 27 was still unaccounted for, but added that many of the pieces investigators do have hold "very suggestive damage."

"That's where the violent event happened," he said. The microscopic traces of the plastic-explosive PETN, discovered during testing at the FBI laboratory in Washington, were also found in this general area.

Thursday, Robert T. Francis, the vice chairman of the National Transportation Safety Board, said only that seats from that general area were "fairly heavily damaged, compared to the other parts of the airplane." He added, "There's more fire damage to the seats in that area."

One spot stands out as the likeliest candidate for the initial blast: the right end of row 23, above a fuel tank.

Still, the explosives expert said: "We just don't have that one piece yet, the one piece that would let you to call it a bomb. We're real close. We're just not there yet."

But it was clear from the statements of several investigators that the wreckage already assembled was producing many clues.

One of the best indicators of the focal point of the initial blast appears to be the passenger seats, many of which have been assembled in their respective rows in one of four hangars in Calverton, New York, that investigators are using.

In row after row, the tattered seats are burned or ripped or have parts missing. But based on the computer simulation and other evidence, one small area stands out as the likeliest candidate for the initial blast, several investigators said: at the right end of row 23, directly above the center fuel tank and about 15 feet behind the spot where the leading edge of the wing joins the fuselage. This is where the metal backs of two seats are perforated by the fist-size holes.

Investigators were aided by a bit of luck in their effort to reassemble the seats. In TWA's Boeing 747s, the seat row and position are marked on the arm rests.

It remains entirely possible that something other than a bomb blast caused the holes in the seats, the investigators noted. But they added that it was hard to explain the lack of similar damage on other seats, which leads to speculation that the holes were caused by a powerful and localized blast.

In several bombings in the last decade, bombs have been placed in an almost identical location, over an airplane's center fuel tank. The idea has been to create the greatest amount of destruction with the most compact device.

The technicians creating the computer simulation closed in on the same area of the jet by merging radar traces of the disintegrating plane with detailed charts of the wreckage sites under the sea.

The computer-generated scenario is consistent with a theory favored by many investigators: that a bomb planted beneath a seat or the cabin floor at that spot blew out the side of the cabin and then sparked a larger explosion by igniting vapors in the fuel tank six inches below the cabin floor.

But several investigators said it was still possible, although highly improbable, that some other initiating event burst the fuel tank, blew out the right side of the fuselage, cut all power and pushed the plane sharply out of its flight path.

■ More Traces of Explosive

More microscopic traces of an explosive were found on wreckage from Flight 800, although it was still not enough to determine if a bomb or missile downed the plane, investigators said Friday, according to The Associated Press.

The finding was made in tests at the FBI's laboratory in Washington, two investigators said on condition of anonymity.

Both stressed that the finding would not, by itself, furnish a conclusion in the hunt for clues.

China Cautions Japan on Islands

Reuters

BEIJING — China warned Japan on Friday not to do anything "foolish" in a dispute over a group of islands in the South China Sea and expressed concern about what it called a resurgence of Japanese militarism.

Tokyo's recent actions toward the Diaoyu Islands, known as the Senkakus by the Japanese, are a sign of growing militarism in Japan and a cause for alarm, said a commentary titled "Don't do anything foolish, Japan" in the official People's Daily.

The commentary said that Japan "wants to take advantage of changes in the situation in Southeast Asia since the end of the Cold War to demonstrate its power to others and test China's resolve to guard its territory."

It said the islands, which are about 300 kilometers west of Okinawa and 200 kilometers east of Taiwan, were an inseparable part of Chinese territory.

Tokyo has maintained that the islands, which are also claimed by Taiwan, have always belonged to Japan.

In July, members of a rightist Japanese group sailed to one of the islands and built a makeshift aluminum lighthouse there. Japanese authorities said earlier this month that the group had withdrawn a claim for recognition of the structure.

The newspaper commentary said Asian nations, many of whom suffered at the hands of the Japanese Army during World War II, were worried about Japan treading its old road of militarism.

"This series of actions by Japan seems to be turning these concerns into reality," it said.

■ Lawsuit Fails

A Japanese court rejected a lawsuit Friday by 150 people who said a parliamentary resolution apologizing for Tokyo's actions in World War II insulted Japan's honor and caused them mental distress, Reuters reported from Tokyo.

In a ruling that echoed the complaints of Asian victims of Japan's Imperial Army who dismissed the parliamentary apology as insufficient, the Tokyo District Court rejected claims for 1 million yen ($9,200) in compensation, according to a Kyodo news agency report.



Karen Ballard/The Associated Press

A man near Bend, Oregon, pointing to the burned remains of his house.

Fires Rage in Western U.S.

The Associated Press

LOS ANGELES — Wildfires forced evacuations in California and prompted Oregon to call in the Marines as a swath of flames cut through seven states in the western United States' worst wildfire season in 27 years.

About 45 major fires covering about 660,000 acres (264,000 hectares) were still burning Friday in Oregon, California, Idaho, Nevada, Montana, Washington and Utah.

With fire fighting ranks stretched to the limit, and college volunteers heading back to school, the military was called in.

A Marine battalion from Camp Pendleton, California, has begun training and will fly to Oregon this weekend, where National Guard troops were training to join fire fighters battling blazes on nearly 190,000 acres.

They will be joined by Army troops from Fort Carson, Colorado.

In Southern California, 30 people were evacuated Thursday as flames overtook the town of Homeland.

North of Los Angeles, nearly 20,000 acres of brush and land in the Angeles National Forest had burned near Castaic.

Fifty-two firefighters were treated for smoke inhalation and other minor injuries in both fires, which were attributed to arson.

Some five million acres of wilderness have burned this year across the country and the toll is increasing at the fastest rate since 1969, when 5.69 million acres burned, according to the National Interagency Fire Center in Boise, Idaho.

The U.S. Forest Service has spent about $385 million to fight the fires this year and the Interior Department has spent $75 million.

Farrakhan Thanks Libya For $250,000 Rights Prize

But He Refuses Cash Without U.S. Approval

By John Lancaster
Washington Post Service

TRIPOLI, Libya — Louis Farrakhan, the visiting Nation of Islam leader, accepted Colonel Moammar Gadhafi's $250,000 human-rights prize Friday, but said he would not take the money without U.S. permission.

Mr. Farrakhan arrived in Tripoli on Wednesday, hours after the U.S. Treasury Department denied him permission to accept the $250,000 award or a $1 billion Libyan donation he also sought authorization to receive for economic self-help programs sponsored by his black separatist organization.

In a statement to the official Libyan press agency after his arrival, he declared that the Libyan leader was using the country's oil wealth to "improve the quality of life of oppressed people throughout the world."

Mr. Farrakhan told an audience in the Libyan capital that "I will accept the honor of this prize, but I will ask you to hold the monies until a decision is made by a court of law."

This appeared to set the stage for further confrontation between him and the U.S. government over his growing ties to Mr. Gadhafi, who has been condemned in the West as a sponsor of international terrorism.

The Libyan government, in the meantime, is relishing the propaganda value of Mr. Farrakhan's visit, which coincides with celebrations of the country's national day marking Colonel Gadhafi's takeover from King Idris in a military coup Sept. 1, 1969.

In an earlier taped news conference with Arab journalists broadcast on government evening news, Mr. Farrakhan said he had come to Tripoli "on behalf of black people in the United States, particularly the nearly 2 million black men" who he says, contrary to official estimates, took part in the Million Man March last October in Washington.

He condemned UN sanctions on Libya, which bar air travel to and from the nation and block sales of equipment for its 1.4 million-barrel-a-day oil industry. The State Department also bars travel to Libya by most U.S. citizens, though it is rarely enforced.

The U.S. Treasury Department's Office of Foreign Assets Control rejected Mr. Farrakhan's request for permission to accept the $1 billion grant on grounds that it would be "inconsistent" with U.S. foreign policy. The Treasury Department also ruled that he could not accept the $250,000 humanitarian prize.

"On behalf of the two million black men and their families and all the local organizing committees and the leadership in black America that supported the One Million Man march I would like to thank the International Popular Committee for awarding me this year's Gaddafi Prize for Human Rights," Mr. Farrakhan said Friday in accepting the award. He said before leaving that if his request to accept the donation was denied, "I will go across the nation stirring up not only my people, but all those who would benefit from it."

Airline Bomb Case Goes to Jury

New York Times Service

NEW YORK — A federal jury has started deliberating whether three men devised an elaborate scheme to blow up U.S. airliners in Asia early last year.

Judge Kevin Thomas Duffy turned the case over to the jurors Thursday after instructing them on the law as it applied to the charges against the defendants, Ramzi Ahmed Yousef, Abdul Hakim Murad and Wali Khan Amin Shah. In a separate case, Mr. Yousef is also accused of being the mastermind behind the World Trade Center bombing.

The 12 jurors met for only an hour Thursday afternoon before a recess for the long Labor Day weekend. They will resume deliberations Tuesday, with a verdict expected later in the week.

The three defendants are charged with conspiring in late 1994 and early 1995 to place bombs on a dozen U.S. jets flying between the United States and East Asia in an effort to punish the United States for its support of Israel.

AMERICAN TOPICS

As Late Summer Rolls Around, So Do Bikers in a Quiet Town

The people of little Sturgis, South Dakota, find themselves bracing each year as late summer rolls around; some leave town. What began years ago as a week of motorcycle races and rallies has evolved into perhaps the world's largest annual collection of motorcycles, and their leather-wearing, tattoo-sporting, whisky-swigging riders.

More than 200,000 people pour into this community of 6,000, a village of farmers and ranchers and gold miners where, the Los Angeles Times notes, the usual high excitement is a threshing bee. And each year, amid the boozing and the debauchery and the madness, the jail fills up, often spilling over into the lockup in Rapid City, 27 miles away.

In recent years, this orgy of gas, booze, bandannas and leather has been getting hijacked — into a state of normality. The hijackers are known in Sturgis as RUBs, or rich urban bikers, trying to spice up otherwise unexciting lives. Traditional bikers and RUBs co-exist uneasily.

Traditionalists say they don't mind so much that the RUBs ride Japanese motorcycles instead of Harley-Davidsons; what rankles is the way they pull their motorcycles on trailers, behind expensive motor homes, to a few miles outside Sturgis then ride in as if they'd made the whole trip that way. About half the total now do so.

Six years ago, nine people died in the revelry at Sturgis. This year none did, and most bikers are pleased. But the spirit of the place has changed. T-shirts in Sturgis once read: I've Spent 90% of My Life Chasing Fast Bikes, Hot Women and Good Parties; The Other 10% Has Been Wasted. The new T-shirt message: Bikers for a Poodle-Free Sturgis.

Short Takes

Wildlife officials are baffled by the deaths of 4,000 birds, most of them white pelicans and endangered brown pelicans, around the Salton Sea in California's Imperial Valley. Preliminary findings link the deaths to avian botulism, but whether that can be traced to extensive agricultural and industrial runoff in the area remains unclear. The Salton Sea, with no source of clean fresh water, is 10 times saltier than the Pacific Ocean. Environmentalists say pesticides lurk in its bottom muck.

The massage business has enjoyed a renaissance in the United States. From sometimes seedy parlors where certain disreputable services were dispensed, the focus of the business has moved to up-scale, out-front relaxation centers in airports, hair salons, health-food stores and coffee shops. Some of the fastest-growing shops seat customers in ergonomically designed chairs where, fully clothed, they receive shoulder and back rubs for only about $1 a minute. Recognizing the therapeutic value of a good rubdown, more and more companies, like Apple Computer Inc., allow therapists to massage employees at their desks. An industry source says Americans now spend more than $2 billion a year on massages.

Chocolate contains substances that evidently mimic the effects of marijuana, according to a report in the journal Nature — but not when taken in normal human quantities. A researcher who studies brain chemistry said that a 130-pound person would have to ingest the equivalent of 25 pounds of chocolate in short order to get a marijuana-like buzz. Now, that's a lot of Mars bars.

International Herald Tribune

Phyllis Pearsall, Creator of 'A to Z' Maps, Dies

By Sarah Lyall
New York Times Service

LONDON — Phyllis Pearsall, 89, who created the famous "A to Z" maps of London by traversing more than 3,000 miles of roads throughout the city, died Wednesday, said her business, Geographers' A-Z Map Co.

Mrs. Pearsall began producing her maps, which show London's labyrinth of streets from the busiest thoroughfares to the tiniest cul-de-sacs, after becoming lost using a map that was 17 years old but proved to be the most up-to-date available.

To get her first edition right, she often walked for 18 hours a day, rising at 5 A.M. and eventually covering some 23,000 roads. In 1936 Mrs. Pearsall printed 10,000 copies of her maps. She persuaded a reluctant buyer at W.H. Smith, the British bookseller, to place an order for 250 copies, promising a refund if they went unsold.

The maps were an instant success, and have sold countless millions of copies since, a favorite of visitors and Londoners alike.

Phyllis Isobel Gross was born in 1906, the daughter of an Irish-Italian mother and a Hungarian mapmaker. She was sent to Roedean, a fashionable girls' boarding school, but was forced to leave at age 14 when her father went bankrupt.

She moved to Paris, where she taught English, studied philosophy and Byzantine art, and made money by painting. When she was 21, she married a 38-year-old artist and moved to Spain.

She left her husband after eight years and returned to London. Enlisting the help of her father's draftsman, Mrs. Pearsall founded the Geographers' A-Z Map Co. and went to work.

It wasn't easy, she said: "I would go down one street, find three more and have no idea where I was."

In 1965 Mrs. Pearsall turned the company into a trust to protect it from hostile takeovers. She also set up a trustee company to hold all the shares for staff members, giving up pension and dividend rights for herself, but continuing as chairman and joint managing director.

Robert Reinhold, 54, L.A. Times Editorialist

LOS ANGELES (NYT) — Robert Reinhold, 54, an editorial writer at The Los Angeles Times and before that a longtime reporter for The New York Times, died Wednesday at his home here of complications of a brain tumor.

Mr. Reinhold left The New York Times in January 1994 after a 30-year career that included stints as a science writer and bureau assignments in Boston, Washington, Houston and Los Angeles. Along the way, he developed a reputation as a fast, meticulous and insightful reporter with a cool, stylish presence, who became a role model for a generation of national correspondents.

Yeltsin, Still Out of Sight, Visits Wife in Hospital

Reuters

MOSCOW — President Boris Yeltsin, himself dogged by rumors of illness, visited his wife, Naina, in hospital on Friday and attended his grandson's first birthday party, Interfax agency said.

The Kremlin has been forced repeatedly to deny that Mr. Yeltsin, 65, who suffered two minor heart attacks last year, has been taken ill again. He has not appeared in public since his Aug. 9 inauguration for a second term.

Interfax quoted the presidential spokesman, Sergei Yastrzhembski, as saying Mr. Yeltsin visited Naina Yeltsin, who had a kidney operation last Saturday, in a hospital and found her in good health.

"Naina Yeltsin looks well, she is active, she is clearly getting better," Mr. Yastrzhembski quoted Mr. Yeltsin as saying.

Mr. Yeltsin has been vacationing at the Rus hunting lodge, about 100 kilometers (60 miles) from Moscow.

After visiting his wife, Mr. Yeltsin headed to his Barvikha residence outside Moscow to join his family at the birthday party for his youngest grandson, Gleb, the aide said.

He said Mr. Yeltsin would stay overnight in Barvikha and then return to Rus lodge.

Presidential aides insist Mr. Yeltsin has no health problems and that he is only exhausted after a grueling election campaign.

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Herald International Tribune
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The Morris Bombshell

President Bill Clinton delivered his convention speech like the luckiest guy in Chicago instead of a candidate whose grand entrance had been marred by the year's messiest bit of campaign gossip. Until Thursday, his luck had seemed too good to last, and that turned out to be the case.

Dick Morris, the undisputed author of President Clinton's comeback, was the cause of a uniquely ill-timed gust of bad publicity for a White House that has seen its share of ill winds. Allegations that Mr. Morris frolicked with a Virginia prostitute came trailing clouds of irony. One of his special gifts had been crafting issues affirming family values and the sanctity of the home that invited voters to forget Mr. Clinton's confessions of infidelity.

As a result, it is easy to assess the short-term damage from tabloid accounts of Mr. Morris's purported sex sessions at Washington's Jefferson Hotel.

First, it reactivates the aura of immorality that has always been a liability for Mr. Clinton. At a time when the Republican campaign was sinking again in the polls and seemed to lack a clue as to what to do, the Dole-Kemp ticket has been given an opening. Also, Mr. Morris's supposed peccadilloes stole some attention from Mr. Clinton's well-crafted and gamely delivered speech that stirred delegates by using Bob Dole's praise of the past in San Diego to depict him as a man of the past.

What else might happen depends in part on Mr. Dole's response and in part on Mr. Clinton's. If the Republican ticket stays down in the polls, sooner or later Mr. Dole will be tempted to take the low road. By most playbooks, August is too early to go for the mud. But the Republicans will not find a more sharply delineated opportunity than that created by Mr. Morris's apparent blend of cupidity and stupidity. Even if Mr. Dole does try to make Mr. Morris a symbol of a generalized moral turpitude, he could well be defeated by his own clumsiness.

Mr. Morris will be remembered for teaching President Clinton to claim Republican turf on the balanced budget, welfare and traditional values. He also helped teach the Democrats how to use the main attack weapons wielded by Republicans in recent presidential campaigns. In 1980, Republican strategists discovered that the chisel-and-hammer techniques employed to break up large stones could also be used to break apart candidates. First you find a tiny fissure in a person or policy of the opposing campaign. Then you set a sharp chisel in the weak spot and tap relentlessly.

The Republicans used this trick to break apart Jimmy Carter on the issue of vacillation, Fritz Mondale as a spendthrift, Michael Dukakis as a wimp on crime. What was really new about the New Democrats who ran Bill Clinton's campaign in 1992 was that they discovered they had a hammer too, and they used it to open up the natural fissures in the George Bush presidency to expose its intellectual emptiness and its sense of preppy entitlement.

This year the Clinton team has been hitting Mr. Dole, though it could not have predicted how cooperative he would be in pointing out the weak spots in his own candidacy. Take his militantly foolish remarks on tobacco. There is also his blind spot on guns. There are more urban and suburban voters worried about getting shot at the 7-Eleven than there are duck hunters who believe there is a national conspiracy to take away their shotguns. Only Wednesday, Mr. Dole made a hallucinatory declaration about the economy being "in the tank."

Mr. Dole is not likely to become a more dexterous candidate, but the Morris episode puts a burden on Mr. Clinton to show that whatever Mr. Morris's failings, they do not point up a central weakness in Mr. Clinton's own policies or his judgment in choosing him as his chief strategist. Cutting Mr. Morris loose quickly was the smart tactical response. Now the president needs to show that the policies he adopted under Mr. Morris's tutelage also reflected his own independent instincts. Luckily for Mr. Clinton, so many congressional Republicans were close to Mr. Morris that they will have to contain their glee over the Trojan horse that exploded on the White House lawn.

If Mr. Morris is lucky now, his client will roll through this episode, and Mr. Morris will become an ignominious footnote to the 1996 campaign rather than a turning point. Either way, he should be remembered with contempt for a resignation statement in which he had the gall to link himself to the tradition of Robert Kennedy and claimed to have saved the president he embarrassed from a "landslide" defeat. With those delusional parting words, Mr. Morris has guaranteed that no one, friend or foe, will ever accuse him of having been a class act.

—THE NEW YORK TIMES.

Clinton Has Momentum for the New Millennium

By Jim Hoagland

WASHINGTON — America's 1996 political party conventions and the platforms they adopted are unreliable guides to the nation's future. Campaign promises lock in only voters who believe them, not the politicians who make them, as the French say.

But the now-completed conventions and platforms are revealing if viewed as giant Rorschach inkblots: The details of what was said and done in San Diego and Chicago are less important than the larger patterns that we make out of them. And no less subjective.

Tactically, the two parties seem to be clawing for the same safe middle ground on specific issues. But at the Rorschach level, the two parties seem to view the American electorate, and the world, in totally different terms. One judgment will be proven right, the other disastrously wrong in the 65 or so days left before votes are cast.

The Dole Republicans think they can make the election a referendum on the past and on maturity. The Clinton Democrats would turn it into a vote on youth and the future. The opinion polls, the last presidential election and the country's exaltation of a youth culture all suggest that the Clintonites have the winning hand — barring unexpected disaster, debilitating scandal or Dole campaign brilliance. (While he was embarrassed by the sex-scandal resignation of the political strategist Dick Morris, President Clinton managed nonetheless to focus a masterfully delivered acceptance speech on preparing America for the 21st century.)

The underlying theme of the Democratic platform, the convention speeches and President Bill Clinton's whistlestoppery was that at age 50, Mr. Clinton is far better equipped than Bob Dole to deal with a world that is Internetting, globalizing and downsizing with dizzying velocity.

That theme comes as no surprise or great intellectual feat. It is the essential message that Mr. Clinton won on in 1992. But the Republicans have still not understood that the youth factor operates as a huge plus, not a huge vulnerability, for Mr. Clinton. They seem to think his past, and the youthful indiscipline and confusion of the first two years of his administration, will be enough to defeat the president.

The energy of youth, which wreaked such havoc once the Clintonites arrived at the White House, is a powerful campaign force. Mr. Dole has helped even the playing field a little by choosing the perpetual teenager of American politics, the super-energetic Jack Kemp, as his running mate. But that is not likely to be enough.

Remember the (exaggerated) image of George Bush in 1992 befuddled by a supermarket checkout computer? It contributed mightily to the Clinton team's effort to portray the Bush administration as physically and intellectually old, tired and out of touch with a rapidly changing global economy.

The Clintonites unveiled the flip side of that image this past week by having the president visit a Jeep factory in Toledo, Ohio, for the rollout of the 2 millionth Cherokee. The vehicle just happened to have a right-hand drive for export to Japan or Britain. "For the first time since the 1970s, America is the No. 1 producer and seller of automobiles again in the entire world," the president declaimed.

That good fortune may have little to do with his policies. But it happened on his watch, and it fit like a glove onto Mr. Clinton's message of how America must respond to a changing world.

The Republican inkblot reveals a leadership that still sees foreign attack as the threat that Americans respond to most urgently with votes. Their platform argues for a crash effort to build a national missile defense system. They accuse Mr. Clinton of spending too little on the military and of being soft on terrorism.

The Clintonites cover the same territory in their speeches and platform, but their heart does not seem to be in it. Relax, the Democratic subtitles say. Russian missiles no longer target U.S. cities. Mr. Clinton's tenure "has made America safer, more prosperous and more engaged in solving the challenges of a new era," claims the platform.

For the Democrats, economic, not military, security is the key to turning fears and hopes into votes this year. Without a blush, their platform claims the NAFTA and GATT trade agreements (negotiated by the Bush team and enacted under Mr. Clinton) as Clinton-Gore achievements that "open markets around the world to American products and create more jobs" in America.

Once in office, Mr. Clinton did not show great ability to translate his impressive campaign rhetoric about technology and global economic trends into innovative and effective policies. Mr. Dole is sure to hammer away at that observable reality. But that will not be enough to win an election that occurs on the cusp of a new millennium. Mr. Dole has eight weeks to show how his victory would be a statement about the future, not about his past, and Mr. Clinton's.

The Washington Post.

With Its Silence on Arms Deals, U.S. Is a Prisoner of Beijing

By A.M. Rosenthal

NEW YORK — Two ways exist for a major power to make sure that the danger of nuclear warfare remains alive — guaranteed, both of them. The Chinese Communist government has taken one way, the United States the other.

The way the Chinese have chosen is to sell missiles or nuclear technology — first to terrorist states like Iran, then to a nervous country that has been in and out of war with a neighbor for a half-century and lives with the possibility of more.

U.S. intelligence reports repeatedly that the Chinese are building a factory for Pakistan to turn out missiles, capable of carrying nuclear warheads, that could reach India.

The second way is for another major power to remain evasive about the sale or manufacture of these missiles or their technology. Since early this year the Clinton administration has been evasive about the latest Chinese deal with Pakistan. That kind of enterprise would, by U.S. law, trigger sanctions against China.

China's motivation is clear and strong: to keep the military balance of power in the East in its own hands. The Pakistanis are on the verge of nuclear capability or perhaps beyond. But they do not have the number of nuclear weapons built by India. Beijing considers Pakistan its ally and India always its potential enemy. China went to war with India in the early '60s, and defeated it soundly. Neither China nor India ever forget that.

So, taking a hard look at Chinese aid to Pakistan, the decades of India-Pakistan tension and China's lasting antagonism to Indian democracy, New Delhi refused to sign a nuclear test ban treaty. The United States acted terribly shocked.

At least it can be said that Beijing knew fully it was spreading nuclear danger and went ahead in its own military and political interests.

The United States does not have the rationalization of military and political gain. The Clintonians have been telling the American people that through trade and talk, the United States can persuade the Communists to permit an open society, respect human rights and abide by international efforts against nuclear proliferation.

That policy was false in premise and has been a failure in practice. To give China's missile proliferation the public attention it should have would be to admit the failure. Until the United States does admit it, Washington will remain the prisoner of Beijing.

All this was never brought up at the Democratic convention, not a whisper. Democrats have changed their 1992 slogan to "It's the family, stupid." They obviously hope that after the election some exceedingly nasty country will not pop up its head and say, "Yes, daddy, and here I am."

Outside the convention, when the matter of missile and nuclear spread is brought up by reporters in Chicago and Washington, administration spokesmen say they are watching developments; closely, of course.

That is not comforting. In 1994 the United States was also faced with the fact that China was selling internationally forbidden missile components to Pakistan. The United States was bound by U.S. law to impose sanctions. The Chinese denied and denied until at last they said they would not do it again. The United States said that was plenty good enough; thank you. China and Pakistan also deny the latest deal.

The only political puzzle is why Republicans have not made a point about the China-Pakistan deal and the Clintonian silence. The Republicans are not only missing an important and legitimate political issue but depriving American voters of information they should have. That makes the Republicans not only politically foolish but parties to the silence. The Republican platform plank on China makes an important distinction that the Democrats' does not — between the acts of China's rulers and the hopes of its people.

On China policy, members of Congress line up not so much by party but by what their hearts and minds tell them on the critical question: to appease or not to appease. But Bob Dole told us he is not bound by the party platform, hasn't even read it.

Maybe he ought to read at least page 84, all that stuff about Chinese military potential and proliferation activities and how America must be vigilant. Then he might talk to the voters and tell them it will all be around until and after Election Day, guaranteed.

The New York Times.

Middle East Tensions

Yasser Arafat took a calculated gamble by calling Palestinians into the streets for a general strike Thursday and a prayer gathering at Jerusalem's Al Aqsa Mosque Friday.

He directly confronted an Israeli government with which he hopes to revive stalled peace talks. He was also risking an outburst of violent protest he might not easily control.

Palestinians are impatient these days about Israel's delay in meeting its obligations under the Oslo peace agreements, its plans for expanding Jewish settlements in the West Bank and Gaza Strip and its apparently deliberate humiliation of Palestinian political leaders, including Mr. Arafat, who was prevented recently from flying by helicopter from Gaza to the West Bank.

Reason seems to have prevailed Thursday. The general strike went off without serious incident and Israel responded to Mr. Arafat's gambit by announcing that it would resume regular meetings on Oslo-related issues next week, the first such talks since Prime Minister Benjamin Netanyahu took over three months ago. Turnout at the mosque Friday was low; Muslim clerics blamed Israeli troops who set up roadblocks around Jerusalem and in the West Bank to turn away Palestinians who tried to reach Jerusalem.

But the danger remains acute until the two sides start bargaining in earnest. Israel is reportedly ready to offer a new proposal on Hebron, where it was supposed to withdraw its troops from most of the city last March.

As before, a small garrison of Israeli troops will be left behind to protect the city's 400 or so Jewish residents and its Jewish religious sites, although the number of troops and the zone they will protect would both be slightly larger than in the original plan. But Hebron is only one of the issues that urgently need to be addressed.

For the past six months, tight Israeli security restrictions have badly hurt the economies of the West Bank and Gaza Strip. If security considerations do not permit an end to this economic strangulation, Israel should consider alternative ways of helping to revive the Palestinian economy.

While the current round of talks is not meant to discuss the issue of Jewish settlements, a clarification of the Netanyahu government's intended policy could help calm tensions. Israel officially speaks only of allowing for the natural expansion of families already living in the settlements, but more hawkish cabinet members seem intent on going further.

Even the relatively dovish defense minister, Yitzhak Mordechai, approved a plan this past week for 1,800 new dwellings in the West Bank settlement of Kiryat Sefer.

Mr. Arafat for his part should realize that these issues can only be settled at the bargaining table, not in the streets. Continued threats of "direct action" will only reinforce many Israelis' doubts about his commitment to nonviolent politics.

Despite predictions that the Clinton administration will avoid active diplomatic involvement in the Middle East until after Election Day, the United States has recently played a constructive role passing messages between Israeli and Palestinian leaders.

But now Washington needs to get the two sides talking directly to each other again.

Mr. Netanyahu has surprised some critics by his pragmatism and his efforts to reach out to Arab partners like Egypt, Jordan and even a hostile Syria. He now needs to reach out directly to the Palestinians and begin serious bargaining about issues too dangerous to settle in the streets.

—THE NEW YORK TIMES.

Britain Needs New Spectacles to See the Road Ahead Clearly

By Roy Denman

LONDON — Anglo-American relations are suddenly in the news. James Baker said at the Republican convention in San Diego that they were the worst since the Boston Tea Party. Most British commentators would not go as far as that, though recent spats over Northern Ireland and Cuba have not helped.

Part of the trouble on this side of the Atlantic is the increasingly unrealistic British view of the world. A well-known American poster showing a view from Manhattan — with Long Island half size and Europe a speck on the horizon — reflects perceived reality. The British view is an escape from reality, a continuing refusal to accept the uncomfortable changes in the world since 1945.

In Britain's poster, Ireland, the cause of so much trouble, would be at the bottom of the sea. The United States and Canada would be some 20 miles off the west coast of Britain. Australia and New Zealand would be just south of the Channel (sorry, mates, about your new climate). Europe would be moved across the world to just off the South Pole, and good riddance.

All this has been hallowed in the special relationship. A look at some of its assumptions shows this to be largely rubbish.

• *Americans and British* speak the same language.

Superficial similarities are misleading. An Englishman can speak in Texas and no one in the audience will have the faintest idea of what he is talking about. It is not just a question of accent and intonation. I picked up a book once in New Jersey called "Britishisms." It listed 4,000 words that were different in English and American.

Then there is idiom. In my time in Washington, colleagues from the European Commission would meet their American opposite numbers at my house. Relaxed, with a drink in their hands, the Americans would use expressions such as "That's way out of the ballpark," "That won't cut any mustard on the Hill" and "You're talking like a Monday morning quarterback." Even the British visitors were baffled.

• The U.S. Congress and Britain's Parliament, both representative democracies, are alike.

Wrong. A British government with a well-drilled parliamentary majority can be an elected tyranny. Congress is not a Parliament. It is the first branch of the government of the United States. In the G-7 meeting of 1978, President Jimmy Carter, not in a position to agree on one point, was asked acidly by President Valery Giscard d'Estaing of France whether he was president of the United States or not. Mr. Carter replied that the Congress of the United States considered it had an equal role with the president in the governance of the country. Foreigners ignore it at their peril.

• But Americans think like we British.

Wrong. Americans have had a fundamentally different history. The British one is of a feudal system, of deference, of the status quo, of elaborate welfare, of accepting that most things are impossible. The American tradition is one of the pioneers, of the frontier, of rugged self-reliance, of no bending the knee to 13th dukes, of never accepting that anything is impossible.

The history of Anglo-American relations is not one of unmitigated brotherly love. Dean Acheson, in 1950, when he was secretary of state, found a State Department paper on the "special relationship" between Britain and the United States. He ordered all copies withdrawn and destroyed. "A unique relationship of course," he said. "But unique does not mean affectionate." We British did after all once burn down the White House; later in the 19th century we nearly came to war; we were suspected by Congress of luring the United States into World War I; our colonialism was long resented; so was what often seemed our snooty arrogance.

Nowadays hardly anyone in the United States knows who Britain's prime minister is; Americans' interest in Britain is limited to the Queen and the latest escapade of Princess Di. Sentiment does not decide U.S. policy. Americans will deal with the outside world only when they have to, and they will go to where the power is. President Bill Clinton has made it clear that this means Germany. The retiring American ambassador in London, Ray Seitz, put it another way two years ago when he said that Britain's influence in Washington depended on its influence in Europe.

That last point lights up an odd paradox. Britain's illusions about its position in the world are not only pathetic but dangerous, like an old lady embarking on a long journey in a car with a magic windshield, one that shows not the road but a fairytale landscape.

If Britain were to rid itself of its illusions and brace up to reality, it could play a major role. As a loyal member of a politically integrated European Union, taking a prominent part in hammering out a joint European policy, Britain could help present it to the United States in a way that would inspire respect and understanding. That would be a great service to relations between Europe and the United States. Sadly, this is likely to be just one more of Britain's missed chances.

The writer, a former representative of the European Commission in Washington, contributed this comment to the International Herald Tribune.

A Solution: Socially Useful Jobs

By William Raspberry

WASHINGTON — Philosophically, the notion that welfare recipients ought to be required to work is an easy sell. Pragmatically, it runs into a small problem: Where will the jobs come from?

U.S. state and city officials, who, under the newest welfare-reform packet will have to pick up a lot of the financial burden now borne by federal welfare dollars, have been raising the question with increasing anxiety.

Sure, it would be nice if they could, in President Bill Clinton's phrase, "end welfare as we know it" by putting former recipients to work. What they want to know is where the jobs will come from.

Jeremy Rifkin, the author of "The End of Work" and president of the Washington-based Foundation on Economic Trends, has been offering a possible answer: the not-for-profit sector.

"Clinton had the right idea a couple of years ago when he said he would have every cabinet secretary establish formal liaison with the department's nonprofit counterpart — Housing and Urban Development with not-for-profit housing providers, Health and Human Services with health groups in the nonprofit sector and so on. The problem is, he never followed through on that idea.

"Now it's up to the mayors and governors to follow through," says Mr. Rifkin.

Given the trend toward smaller government and the decline of labor-intensive industry, he believes there's no chance government and private markets can produce enough jobs to take up the slack left by welfare reform. That, he says, will require the creative use of the so-called third sector — the nonprofits.

It's easy enough to dream up thousands of new jobs. Work requirements for former welfare recipients could mean new jobs in a vastly expanded day-care industry. America's aging population means a growing need for one-to-one care. Neighborhoods need restoring, the environment needs improving, children need mentoring, recreation and after-school supervision — all potential sources of jobs.

But not of profits. Where will the money for salaries come from?

Mr. Rifkin has an answer for that one, too: Captive taxes. What he has in mind is a dedicated tax (like the gasoline tax earmarked for highways) to provide income vouchers for the new army of nonprofit workers. A possible candidate for the tax: High-tech goods like computers or cell phones.

A new tax when Bob Dole is dangling a tax cut as a way of jump-starting his campaign to unseat President Clinton?

"Look, I know people don't like taxes, but the truth is we're going to pay taxes — if not for programs like the one I'm proposing, then for more prisons," Mr. Rifkin says. "Already Californians are fast approaching the time when they will be paying more for prisons than for education. If poor people can't find work, they are going to commit crime. The average cost of imprisonment at the state level is about $30,000 a year. And inmates have no purchasing power, they pay no taxes and they don't become better citizens. It's a bad investment."

Much better, he argues, to spend the money creating social capital by letting people work at socially useful jobs.

The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1896: No Extradition

BERLIN — The German Government has refused to hand over Said Khalid, the Zanzibar pretender, to the British on the ground of Article 6 of the extradition treaty with Great Britain, which says, "A fugitive criminal shall not be delivered up if the culpable act on account of which the extradition is demanded is of a political character, or if it can be shown that the demand for extradition is made with the object of persecuting and punishing the accused on account of a crime or offence of a political nature."

1921: Ulster Fighting

BELFAST — Fourteen dead and a half-hundred wounded are the casualties so far known of a three-day unrestrained expression of the feud between Nationalists and Ulstermen. The city is a camp of barricades and deserted streets, in which the isolated poppings of the snipers' rifles mingle with the fusillades of mass formations. During several hours to-day [Aug. 31] squads from both parties occupied the principal streets in the centre of the city. All business is suspended and tramways have ceased to run. The city is in a panic and the citizens have barricaded themselves inside their homes in fear of their lives.

1946: Moroccan Bid

PARIS — A new bid for Moroccan independence calling for the establishment of a constitutional monarchy under the sole rule of the Sultan of Morocco and a Moroccan Parliament was presented at a press conference here by members of the Moroccan Nationalist Movement, l'Istiqlal. Morocco since 1912 has been divided into a French zone, an international zone and a Spanish zone.

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Igor Mikhalev/The Associated Press

A Chechen separatist fighter in Grozny, dressed in clothing that signaled his willingness to fight Russians until his death. Despite that message, troops on both sides were continuing to pull out of the Chechen capital.

Lebed Resumes Chechnya Talks

By David Hoffman
Washington Post Service

MOSCOW — The Russian security chief, Alexander Lebed, returned to negotiations with Chechen separatists Friday, expressing hope he can forge a political agreement and armed with another indirect blessing from President Boris Yeltsin.

"Today I hope to make a big and serious political step to start restoring peace in Chechnya," Mr. Lebed said on his plane en route to the Russian republic of Dagestan, adjacent to Chechnya, where the latest negotiations were being held. "If we are lucky we will consider and sign a statement today."

Mr. Lebed met in the Dagestani town of Khasavyurt with Aslan Maskhadov, the chief Chechen military commander. Mr. Lebed said he was bearing a draft political agreement that would postpone for 10 years a decision on the status of Chechnya, twice as long a postponement as previously reported. Mr. Lebed said the long delay would allow both sides in the 20-month-old conflict to step back and lessen tensions.

Mr. Lebed also said he envisioned setting up a provisional government in Grozny drawn from all sides.

The Chechen separatists have been fighting for independence from Russia, which Mr. Yeltsin has refused to grant them.

Mr. Lebed, who earlier negotiated a cease-fire with the rebels and a demilitarization of the capital, Grozny, has been working for more than a week to reach a broad political agreement as well.

On Thursday, a group of high-level Russian officials considered Mr. Lebed's plan in Moscow and said it needed more work. Some critics have complained that Mr. Lebed was giving away Chechnya to the separatists. But Mr. Lebed said he spoke to Mr. Yeltsin overnight, and on Friday, Prime Minister Viktor Chernomyrdin signaled that Mr. Yeltsin supported the effort, saying it had been "coordinated and discussed" with the president.

Meanwhile, the troop pullout continued from Grozny. A Russian officer told Interfax that both sides had complied with the schedule. About 1,500 Russian troops left the city on Friday, he said, as well as 900 Chechens, who headed for their highland bases.

Modest Crowd at Jerusalem Protest

Police Cordon and Scant Enthusiasm Hold Off Palestinians

By Serge Schmemann
New York Times Service

JERUSALEM — A rigid Israeli police cordon and an apparent shortage of enthusiasm among Palestinians combined to make for a modest and peaceful turnout Friday at Al Aqsa Mosque, where Yasser Arafat had called on Palestinians to converge for protest prayers.

Palestinian officials said about 15,000 worshipers gathered at the mosque but Israeli policemen put the number at 8,000. On a normal Friday, the holy day for Muslims, the sacred site draws as many as 50,000.

Palestinian spokesmen blamed a taut Israeli security operation, in which thousands of policemen and soldiers blocked roads from the West Bank and checked identity papers in Jerusalem to prevent Palestinians without permits from entering the city.

"They are fighting people economically and socially, and even banning them from practicing their worship," charged Hassan Tahboub, the minister of Islamic affairs in the Palestinian Authority. He had predicted that upward of 100,000 would heed Mr. Arafat's call.

But a tour of the checkpoints showed relatively few Palestinians trying to pass. Many Jerusalem residents, who had no trouble reaching the mosque, stayed away, and there was also no sign that Israeli Arabs had come in any significant numbers.

Palestinians gave varying explanations for the evident shortage of interest. Chief among them was a sense that a four-hour strike called by Mr. Arafat for Thursday had already produced results, reducing the sense of urgency.

"The turnout was not a failure for Arafat," said Mofid Abu Rabbo, a member of the Palestinian Legislative Council from Tulkarm. "Yesterday's strike was successful, so today there was no seriousness in dealing with this. The strike achieved its aims and had results and there were contacts between the two sides."

The contacts, prominently reported on evening television programs in Arabic and Hebrew, included one between a lawyer close to Prime Minister Benjamin Netanyahu, Yitzhak Molho, and Mr. Arafat; another between Mr. Netanyahu's foreign affairs adviser, Dore Gold, and Mr. Arafat's deputy, Mahmoud Abbas, and a third between the chief Israeli and Palestinian negotiators, Dan Shomron and Saeb Erekat.

There were also reports that Mr. Netanyahu had held a long telephone conversation about the Palestinian situation with King Hussein of Jordan and that the Israeli leader received an urgent message from President Hosni Mubarak of Egypt.

Although no details of the discussions were disclosed, the meetings were followed by speculation that a major development was imminent in the stalled Israeli-Palestinian relations and that a meeting between Mr. Netanyahu and Mr. Arafat could be announced soon.

Mr. Netanyahu's reluctance to meet with Mr. Arafat has been viewed as one of the obstacles to resuming peace talks.

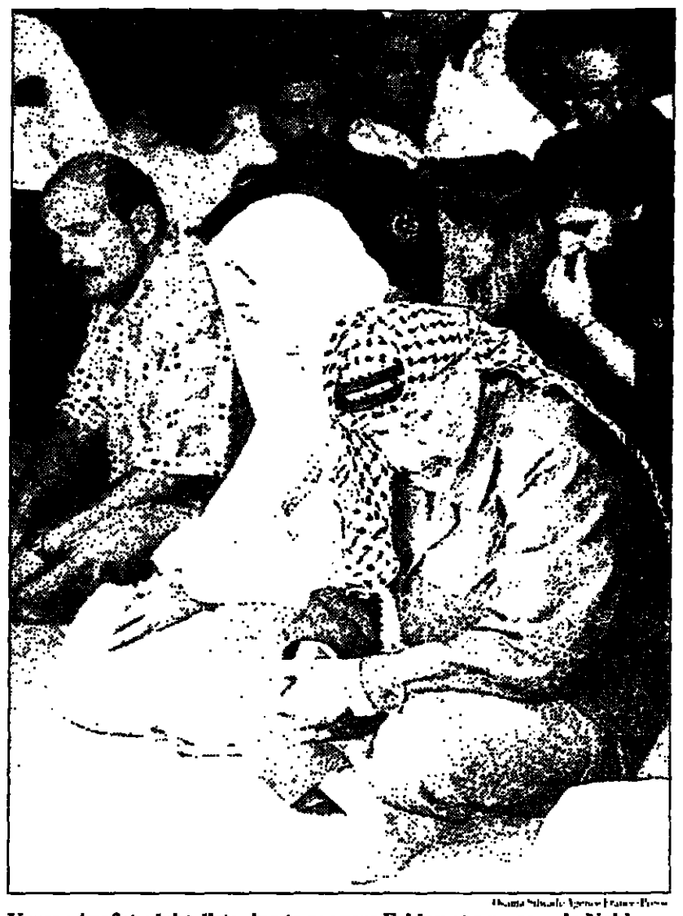
These reports evidently lowered the sense of urgency that Mr. Arafat generated when he said Wednesday that Israeli policies on settlements and on Jerusalem were effectively a "declaration of war against the Palestinian people."

■ Threat of Violence

In his most explicit threat of violence yet, Mr. Arafat said Friday that Palestinians had revolted once against Israel and could do so again. The Associated Press reported from the Balata refugee camp.

"We are the ones who waged the longest uprising in the 20th century and murder, imprisonment and expulsions did not terrorize us," Mr. Arafat told a Palestinian gathering.

"I don't have a magic wand, but I have the children of the uprising."



Hazem Bader/Agence France-Presse

Yasser Arafat, right, listening to prayers Friday at a mosque in Nablus.

IMPACT: *Unwelcome Image of Sleaze and Scandal for Clinton*

Continued from Page 1

the damage was done.

Not to the president's campaign team. The shape of the campaign is set, and he has other political advisers, although none of the others has as close a link to Mr. Clinton as Mr. Morris did. In any event, control of the campaign was already passing from the strategists to the political mechanics.

What hurts is the symbolism.

At the height of a convention week that the Democrats have filled with warm, fuzzy images of family and fealty, specifically to counter pervasive public doubts about Mr. Clinton's character and that of his associates, the Morris episode generates an unwelcome, contrasting image of sleaze and scandal.

The president continued Thursday night on the tack chosen by earlier speakers, describing a second term that he said would be "pro-family, pro-education and pro-economic growth." There were also new tax-cut proposals. It added up to a direct challenge to his Republican rival, Bob Dole, and his efforts to paint the Democrats as the party of crime and spending and deficits.

"Let us do the work that is before us," he said in a finely wrought peroration, "so that when our time here is over, we will watch the sun go down, as we all must, and say, truly, we have prepared our children for the dawn."

Mr. Clinton sought to picture Mr. Dole as a man of the past and himself as a man of the future, another major theme of this convention. No fewer than 12 times he promised to "build a bridge to the 21st century"; Mr. Dole, who at 73 is 23 years older than he, promised to build a bridge to a golden past.

Mr. Clinton sounded notes meant to appeal to conservatives, like promises to balance the budget and fight crime, and notes meant to appeal to liberals, like a promise to preserve Medicare and environmental protection laws. He rattled off initiatives past and present, jumped from topic to topic, spewed out numbers, sounding at times as if he were delivering a State of the Union address.

But for the moment at least, the spotlight is back on character, which is bad news for the Democratic nominee. In the latest New York Times/CBS News poll, completed 10 days ago, Mr. Clinton trailed Mr. Dole by 20 percentage points on a pair of questions related to honesty and integrity.

It may last, and it may not. Mr. Clinton's address Thursday night will be followed by many other speeches in the 67 days that remain until Election Day, although none with Thursday night's guaranteed live network audience, and they will change many minds. Many people have already decided, and many others are focused on economic questions, fears about crime and other matters.

But the Democrats had hoped the president would come roaring out of Chicago, supercharged with momentum. They had hoped to open such a commanding lead over Mr. Dole in the first two weeks of September that the Republican nominee would have no realistic hope of catching up. That now seems highly improbable.

"I don't want to say it," James Carville, the president's 1992 political guru, said at midday. "But it's certainly fair for you to say that this is the last thing that Clinton needs before his speech."

Other Democrats were no less staggered by the news. Senator Dianne Feinstein of California, who was told just moments before a live interview on CNN, could only begin with the comment: "Oh, woe is me. Dumb and dumber."

The Republicans will have to decide quickly how to treat the lurid accusations against Mr. Morris, a Republican who also worked for Democrats.

"I don't think we'll be reprinting the Star piece in ads in every paper in the country," a Dole strategist said Thursday night. "But I don't think we'll refrain from portraying this as a very, very seamy White House, either."

Mr. Clinton had less to do Thursday night than Mr. Dole did two weeks ago. For better and for worse, the president is known to the country, whereas Mr. Dole was not. So Mr. Dole had to define himself, whereas Mr. Clinton had to define his program, even if he made few new large-scale commitments.

Michael McCurry, the White House spokesman, said, "No staff person, no adviser, no guru, no Svengali, makes up for what's in the heart and soul of a candidate running for president, because that's what the American people measure and that's what their choice will come down to."

But people cannot look into a candidate's heart through a window in his chest. They must approximate, and one of the ways people measure his heart and soul is by weighing and evaluating those he surrounds himself with.

CLINTON: *Says 'Hope Is Back' in U.S.*

Continued from Page 1

speech in two nights, and the president's arrival in the hall was preceded by a 20-minute video recounting his record and casting his campaign toward the future.

That was a direction Mr. Clinton looked to earlier this week in speeches during a four-day trip on a train, dubbed the 21st Century Express, through the American heartland.

Friday, he moved to a bus in a campaign tour that evoked memories of the journey he and Mr. Gore made immediately after the Democratic convention four years ago.

The president and vice president planned to start their tour in Cape Girardeau, Missouri, and then follow a route through Illinois, Kentucky and Mr. Gore's home state of Tennessee, finally ending up late Saturday in Mr. Clinton's home state of Arkansas.

At the convention, aides billed the acceptance speech as the political equivalent of a State of the Union Message, and in scope and detail, it met that expectation.

Mr. Clinton offered proposals old and new to balance the budget, expand Individual Retirement Accounts, pass a constitutional amendment for victims of crime, discourage teenage smoking, clean up toxic-waste sites, and give workers more flexibility on the job to spend time with their families.

He also outlined two new proposals.

One called for a $3.5 billion inner-city jobs program for welfare recipients — the first of what officials said would be a number of steps to cushion the effects of the welfare overhaul bill that the president signed last week.

The second was a $1.4 billion proposal to ease the tax treatment of capital gains in home sales.

The new initiatives followed a literacy campaign and environmental cleanup program that Mr. Clinton outlined during his train trip to the convention.

In tone and oratory, this was also a campaign speech intended to bolster the confidence of the voters in the president and in themselves, and to put Mr. Clinton on the offensive heading into the final months of the campaign with Mr. Dole.

FRANCE: *Nation Morosely Awaits Uproar Over Belt-Tightening*

Continued from Page 1

This week's issue of the Nouvel Observateur magazine depicts on its cover a map of France sinking into the water and asks, "Are we really in a state of failure?" In the newspaper Liberation, the columnist Alain Duhamel wrote Friday: "France is in a breakdown of growth, confidence and hope."

President Jacques Chirac has repeatedly acknowledged the morose mood of his citizens. In a speech Thursday, he pledged "to give the French real reasons for hope, and to mobilize them by showing that France has all it takes to succeed."

Mr. Chirac has been urging the French to cheer up all summer long, but to little avail. A poll by the survey firm Institut CSA taken in late August for the newspaper Le Parisien found that 54 percent of respondents characterized themselves as pessimistic about the future; 78 percent felt the next few months would be difficult for the government.

A majority said strikes and demonstrations were their biggest fears in the short term and 68 percent said their greatest wish for the fall season was a decline in unemployment — one of every eight members of the work force is jobless in France.

"A year ago, the French were split 50-50 between economic optimists and economic pessimists," said Stephane Rozus, director of political studies for CSA. "Now, three in four are pessimists."

"There is a degradation compared with a year ago," he added, "when people knew less about what the position of the government would be."

Unemployment, at 12.5 percent, is among the highest among Western European countries, and is at its highest point in more than two years. The specter of unemployment is weighing on the French, many analysts say, more than any other issue. In fact, suggested Jean-Francois Trogrlic, national secretary for the Democratic Labor Federation, one of the major unions, the French may be too pessimistic about their future to do anything but mope.

"There is a certain fatigue," he said. "Unemployment weighs on people."

Mr. Trogrlic predicted that while there might be scattered labor demonstrations and unrest this fall, a widespread "volcano" was unlikely.

The coming weeks, however, offer a few potential flashpoints. Around Sept. 18, Prime Minister Alain Juppe will present the budget for next year, and the government has already committed itself to cutting some $12.5 billion next year. It does so under some duress: by the end of next year, France and other member nations of the European Union must have budget deficits no larger than 3 percent of gross national product to meet the targets that they have agreed are needed before they merge their currencies into one.

The French deficit is now closer to 4.5 percent of GDP, and the economy is growing so slowly that it will take sharp spending reductions to narrow that figure.

France is under particularly heavy pressure because it and Germany are the largest nations to have committed themselves to a single currency, to go.

Mr. Chirac has strongly endorsed the single currency process. But his government is sending contradictory messages: Mr. Juppe reiterated Friday his determination to cut taxes, among the highest in Europe, by at least $4 billion next year. How he will make up the deficit and cut spending more remains a mystery.

Mr. Chirac and Mr. Juppe also have been criticized in the past for giving in to special interest groups. The strikes of last December were resolved when Mr. Juppe backed off on his proposal to make train engineers for the national railroad retire at an age older than the present 50.

To ease the beef protest Friday, Mr. Chirac met with five of the protesters for 90 minutes at the Elysee Palace and said he supported their right to make a living, without offering specifics.

At the Champ de Mars, meanwhile, brown cows and white cows grazed as children patted the animals and their owners picnicked on the lawn.

AIRBUS: *Other European Partners Sought*

Continued from Page 1

rivals, including Boeing Co. of Seattle. It is expected to issue a memorandum of understanding by the end of this year.

The main concern is how to share the assets of the new company, and this will depend on whether outside partners and capital are brought into the new arrangement. "It is clear the structure has to be made with exactly the same shareholdings of the partnership — unless new partners are brought in," Yves Michot, president of Aerospatiale, told Bloomberg Business News.

Aerospatiale and Daimler-Benz AG each controls 38 percent of Airbus. British Aerospace holds 20 percent and Construcciones Aeronauticas SA holds the remaining 4 percent. The four partners are responsible for the manufacture of components for the Airbus range of civilian jetliners. Airbus itself is responsible for final assembly at Toulouse, marketing and after-sales service.

A question in the reorganization negotiations is how work will be parceled out in the new corporate structure. Last year, DASA reported losses of $2.84 billion, and Aerospatiale lost $194 million, while British Aerospace reported a pretax profit of $363 million.

People in the industry said the reorganization could entail substantial job losses in the French and German aviation industries. Aerospatiale is in the process of merging with Dassault Aviation SA of France prior to privatization. British Aerospace maintains that it has already carried out the rationalization necessary for the restructured partnership.

British Aerospace, Aerospatiale and Alenia, meanwhile, are partners in the Aero International (Regional), or AIR, consortium, which produces the ATR range of turboprop regional aircraft in competition with SAAB's commuter planes. The Swedish company also makes fighter aircraft.

People in the industry said AIR, which China has chosen as its partner in the manufacture of a 100-seat jet for its booming airline market, also is involved in the talks for a restructured Airbus entity.

The Chinese aircraft will share a large degree of commonality with Airbus planes, which serve the market for jets of about 150 seats and above.

Airbus is involved in two other major projects for which it may need to seek outside capital and manufacturing capacity. One is a future large transport aircraft for the next decade, which will be built by a projected Airbus military subsidiary.

The other, more critical for the company's future, is a projected superjumbo capable of carrying between 550 and 800 passengers to compete with the stretched version of the Boeing 747 that the Seattle manufacturer is expected to announce at the Farnborough air show.

Airbus set up a large aircraft division earlier this year and is discussing with several airlines their requirements for the new plane. The industry sources said Airbus is discussing cooperation with possible partners in Asia, notably in South Korea, and may also sign collaborative deals with the Russian aerospace industry.

By creating a centralized corporate structure to replace its present status as "a grouping of economic industries," Airbus would be better placed to attract outside investment.

UN Police Complain U.S. Troops Failed To Rescue Them

The Associated Press

ZVORNIK, Bosnia-Herzegovina — United Nations police complained Friday that U.S. troops did little to protect them when a mob trashed their vehicles and trapped them inside a building for more than six hours.

"We said many times, 'Send us help.' They said, 'Yes, we are on the way.' But where was IFOR?" asked Attila Varga, a Hungarian officer, referring to the NATO-led peace force.

Bosnian Serb police trapped the five unarmed UN policemen and three other UN staff members in a building in Zvornik on Thursday after U.S. troops detained more than 60 uniformed Serbs who had attacked Muslims trying to rebuild their homes in nearby Mahala village.

American forces kept watch from helicopters Thursday, but commanders said they did not intervene for fear of inflaming tempers further. UN officers returned to work Friday feeling more vulnerable, and doubting that they could count on help.

The two confrontations were among the most serious since the end of Bosnia's nearly four-year war late last year.

An assistant U.S. secretary of state, John Kornblum, said he had received Bosnian Serb assurances that the incidents would not be repeated.

MEXICO: *Thousands of Troops Hunt Rebels After 13 Killings*

Continued from Page 1

The attacks late Wednesday and early Thursday, reported at seven sites in the southern coastal states of Oaxaca and Guerrero and in Mexico state near the capital, constituted a major escalation in an insurgency that appears to have its roots at least partly in the widespread disparity between Mexico's haves and have-nots and the political disenfranchisement of the peasantry.

The government has sought to minimize the significance and military strength of the guerrilla group, which surfaced two months ago, calling itself the Popular Revolutionary Army. But the group appears to be better armed, better funded, more mobile and more widely deployed than previously realized.

"The government has a real military problem," said Jorge Castaneda, a leading leftist scholar in Mexico City.

Roderic Camp, a specialist on Mexico at Tulane University in New Orleans, said: "The group is coordinated; they are spread across a very diverse geographic area, and they have expressed no interest in negotiating. It has the potential for creating big difficulties for the government and serious stability problems."

Analysts in Mexico City said there was no indication that the guerrilla group is powerful enough to mount a serious challenge to the military or overthrow the central government or any regional government.

At a news conference in the Sierra Madre mountains three weeks ago, leaders of the group said its members represent 14 leftist political and social organizations seeking the overthrow of the government and the creation of a more inclusive political system.

A spokesman for the Interior Ministry said Thursday that the government believes the group is a military arm of the Clandestine Revolutionary Workers Party, a violent leftist organization that was active in Oaxaca in the 1970s.

At present, it appears that the guerrilla group is content to target lightly guarded government facilities in quick, violent raids, such as those of Wednesday night.

In Oaxaca state, guerrillas attacked government buildings in the tourist town of Santa Maria Huatulco, one of the country's most exclusive beach resorts. According to state officials, at least nine people were killed, apparently including two guerrillas. In the village of Tlaxiaco, also in Oaxaca, guerrillas killed at least two policemen.

In Guerrero state, a policeman was killed and two policemen and two soldiers were wounded when guerrillas attacked the police station in the town of Tixtla, state officials said. Also, six soldiers were wounded in an attack on an army barracks in the city of Altamirano.

There were at least four attacks in the state of Mexico, just outside Mexico City, state officials said. A policeman was killed in the town of Papalotla.

gonna shake, you do it in another room!"

The Surreal in Western Culture

Lighthearted Fantasy Becomes Simply Grotesque

International Herald Tribune

SOUREN MELIKIAN

LONDON — The modest print show was to be a midsummer *art dream* devised as an entertainment in a puckish mood. But rarely did such a lighthearted undertaking cast a bigger bombshell than "The Grotesque: Ornamental Prints from the British Museum" on view at the museum until Sept. 15.

In effect, it puts together for the first time graphic evidence of the early roots of the art of the surreal in Western culture.

Forget about Salvador Dali, Giorgio De Chirico, et al. Composite creatures? Humans made up from cubes and spheres? The Renaissance had all that, and more.

The starting point of the show (and the excuse for its title, "The Grotesque") is the art of decorative patterns full of volutes, ribbons, masks and the rest, produced in the form of engravings or etchings from the 1530s to the mid-18th century.

Antony Griffiths, keeper of the Department of Prints and Drawings, says that the fashion followed the discovery of the remains of Nero's palace, "The Golden House" ("Domus Aurea") ensconced in a cave, some time in the 1480s.

The sight of the wall paintings and their abstract or semifigural motifs painted by the Ancient Roman artist called Fabullus, shortly after A.D. 64, caused a sensation.

Borrowed patterns first appeared in the painting of Pinturicchio and the frescoes of Filippino Lippi. When Pope Leo X commissioned Raphael to decorate the Loggie in the Vatican in 1518-1519, the painter working under his direction borrowed patterns from Nero's "grotto." After that, the art of the "grotesque" took off like fire.

Artists all over Europe were keen to know what others were doing, particularly in Italy. Agostino Veneziano, who worked in Raphael's circle, was among the first, if not the first, to sense the potential demand for affordable patterns of the latest fashions.



British Museum

A plate from Christoph Jamnitzer's "Neuw Grottesken Buch" of 1610.

In the early 1530s, he completed a set of 20 engravings based partly on the Loggie patterns and partly on their original source, the "grotesques" in Nero's palace.

Seen with a modern eye, the result is tame, not to say stale. In a typical plate, ribbons pass through a device suggestive of a lamp shade. A couple of tritons crawl on the sides, their foliate tails raised, with a peevish frown in their eyes. It is very mildly amusing.

THE grotesque could have sunk in a quagmire of graphic pedantry for the literati. Fortunately, an artist whose name remains unknown took it in a different direction around the same time. His set of 20 plates published in Rome was quickly adapted in 1541 by Enea Vico and recast in 1550 by the Paris engraver Jacques Androuet Ducerceau, first in a suite of 50 etchings in 1550 and secondly in an expanded version of 62 etchings in 1562.

Linear and spindly, full of endless volutes inhabited by tiny beings, from chubby little winged fellows (putti) to goat-legged satyrs with grinning oldish faces, the compositions conjure up a world of mild fantasy that captured the imagination of the French.

They reprinted Androuet Ducerceau's set right into the 18th century, allowing its motifs to creep into every form of decorative art, wallpaper, textiles, paneling, marquetry — its distant influence can still be recognized in the Louis XVI creations and their Adamesque counterparts in Britain.

But this was the mere froth of the art of the surreal. More subversive currents were at work, in which Flanders played a key role. In 1555 an artist called Cornelis Floris designed 18 sheets with human faces made up from vegetal elements, some highly stylized, others still recognizable as leaves and fruits, which were engraved by Frans Huys in Antwerp.

The Flemish port was the city from which fashions were spreading across Europe, to Germany, France, Italy, and in 1560, an Italian artist known only through the initials of his signature, "IHS," interpreted the whole set with ghoulish relish, calling it the "Libro di Varie Mascare" (The Book of Various Grotesque Masks). It left a profound impression on Northern Italy.

In Genoa, Giuseppe Arcimboldo painted mad portraits in which the busts and heads are made of turnips, carrots, fruits and every possible contribution from the vegetal reign.

The art of the absurd with its logical links born of a nightmare was now entrenched. It was a genre of its own, unrelated to the original grotesque as such, partly inspired by the speculations of every kind, scientific, philosophical, that preoccupied the Renaissance mind. Luca Cambiaso, not represented in the show, perceived the human figure as an accumulation of geometrical figures, and executed hundreds of drawings, many of them popularized through engravings.

He had a successor of sorts in Baroque Italy: Giovanni Battista Bracelli, an elusive character active in Florence, Rome and Naples, between 1624 and 1649. He was in Florence in 1624 when he dedicated to the Medici 32 plates gathered under the title "Bizzarie di varie figure." Bizarre, they undoubtedly are.

In one sheet, a spindly figure is made up from cubes and rods, like some robot stepping from outer space. In another, a walking silhouette is constructed from superposed rings set around wires that they do not touch. This is De Chirico plus Cesar in the year A.D. 1624.

But compared with the etchings from Christoph Jamnitzer's "Neuw Grottesken Buch" printed in Nuremberg in 1610, Bracelli's work looks timid. In a typical Jamnitzer plate, a figure with the head of a wolf, a neck suggestive of a python, wings that could be serrated leaves, and legs reminiscent of a goat struts in a landscape. The monster walks with a dancing step as it clutches a bone out of which there grows a trumpet.

THERE are 60 of those etchings, plus four pages of text full of self-derision — the artist compares his work, tongue-in-the-cheek, with the discovery of America by Columbus. But Jamnitzer's continent is that of fantasy running amok.

The 18th century was gentler, which is not to say unimaginative. Charles-Germain de Saint Aubin's butterflies dueling in some sort of scrolling gazebo engraved in the 1750s anticipates the best of Lewis Carroll.

On the other hand, much of this is already to be seen in the illuminated margins of medieval manuscripts and, later, in the painted visions of Hieronymus Bosch. But that is not in the show and the complete pageant of Surreal Art through the ages must be left to another, much bigger exhibition.

Modern 'Heroic' Painters

By Michael Kimmelman
New York Times Service

NEW YORK — With many eyes at the moment turned to Flushing Meadows-Corona Park in Queens, where the U.S. Open tennis championships are under way, the Queens Museum of Art has a couple of shows that merit more than the spillover crowd that wanders in during rain delays at the stadium.

Besides a Jack Yeats retrospective, there's something called "Heroic Painting" (through Sept. 8), which, though one of the most bizarre affairs to come down the pike in a while, is also somehow riveting. It includes 15 works, several of them approaching the size of, well, a tennis court.

Vincent Desiderio's "Progress of Self Love," an allegorical triptych in high realist mode, for instance, is 28 feet (8.5 meters) wide and nearly 10 feet tall; flanking the central panel, which is a graphic depiction of dead and dying soldiers, are images of a corpse in the artist's studio with Desiderio nearby in a straitjacket, and a cutaway of an ocean, with Moby Dick's bones below and a modern Ahab in a dinghy above. If this sounds confusing, that's because it is. Bo Bartlett's "Homeland" and "Civil War," nearly as gigantic, are just as odd.

The show is ostensibly about what has happened to history painting, which supposedly died in the 19th century, killed off by Courbet, Manet & Co. What has happened, says Susan Lubowsky, who organized the exhibit, is partly that it has been transformed by the likes of Mark Tansey, Lawrence Gipe and the Russian expatriate team of Komar and Melamid into a form of irony:

Or, as Lubowsky puts it, history painting has become a "means of presenting a polemic on the very concept of heroism at the end of the 20th century." This broader definition also allows her to include the more puzzling efforts of Desiderio, Bartlett and Julie Heffernan, who paints herself nude in the guise of a Velazquez infanta, standing among cows.

History painting once meant moralizing works extolling ancient virtues and great figures: Jacques-Louis David painting Socrates or Napoleon. When

We've become too cynical for history painting. So what is left? Irony.

Courbet replaced Napoleon with peasants from Ornans, he did not kill history painting, exactly, but dealt its credibility a crippling blow.

It revived for a while in the Soviet Union, where art was forced into service by Stalin, who assumed the role Napoleon had. Komar and Melamid depend for their irony on that Socialist Realist backdrop, which is why, though they can still be amusing and tart, as they are here with their picture of George Washington in a business suit, their edge is a little blunted without the old Communist targets.

Can you have history painting in a society that doesn't share a set of moral beliefs and a faith in its leaders, or where those leaders can't compel fealty? The question brings us to Desiderio and Bartlett. Just what are they thinking?

To be sure, Desiderio has the single finest painting in the show: a small and deeply moving, because it is ruthlessly frank, portrait of his 8-year-old son, victim of a chronic birth defect, in a hospital bed on life support. There is an anguished and heart-stopping beauty to how Desiderio documents the veins showing through his son's translucent skin and the bluish shadows around his hooded eyes, and the tubes pumping air into his throat. History painting it is not, but heroic painting, yes.

His "Progress of Self Love," on the other hand, is something else, as are Bartlett's behemoths: "Civil War," at 11 by 18 feet, presents a young white woman cradling, Pieta-style, the half-naked body of a dead black soldier. The scene is a snowy battlefield with other bodies scattered nearby, and steam rises from the woman's head into a halo. "Homeland," which is the same size, shows refugees crowded onto a truck, roughly mirroring Gericault's arrangement of figures in "Raft of the Medusa." The refugees are returning to St. Lo after Normandy's liberation, although as Bartlett paints them they resemble Calvin Klein models bathed in a celestial, pinkish haze.

I KNOW what Peter Schjeldahl meant when he wrote in The Village Voice that he couldn't decide if Bartlett's "Civil War" was "bad enough to be good" or one of the worst art works he had ever seen. Neither can I decide. Lubowsky suggests that Bartlett is serious, not ironic, but whatever his intentions may be, they don't alter the effect, which is unbelievable.

We've become too cynical for history painting, never mind that no one thinks to look to painting for moral guidance anymore. The very idea seems absurd, quaint. So what have we left for ourselves? Irony as the only plausible endgame of realist art. Or at least of "heroic" art like this.

The Purity of Thomas Eakins

By John Russell
New York Times Service

WASHINGTON — While watching the recent Olympics on television, I was often reminded of a great American painting that dates from the golden age of pure sportsmanship.

It was an age in which neither hype nor huckster had made its debut. Artificial aids to performance had never been heard of. As for endorsements, neither cap nor shirt, shorts nor shoes had ever borne a brand name.

The painting in question, "The Champion Single Sculls," is the summation and apotheosis of the kind of American plain dealing that made the United States loved, admired and envied worldwide.

Normally in the Metropolitan Museum in New York, it is at present on loan to the National Gallery in Washington as a major element in the exhibition "Thomas Eakins: The Rowing Pictures," on view through Sept. 29.

The show has sharp focus and high definition. Its subject throughout is competitive oarsmanship; it consists of nine paintings, two watercolors and a group of perspective drawings. All of them date from the period between 1871 and 1874 when Eakins was still in his late 20s and had recently returned to his native Philadelphia after three and a half years of dedicated study in Paris.

Eakins had learned from Jean-Leon Gerome in the Ecole des Beaux-Arts that painting could be an exact science in which nothing was left to chance and from which all trace of manual effort could be expunged.

While still in Paris in 1867, Eakins had heard of the first-ever single-scull championship race on the Schuylkill River, which was no more than a few blocks from the Eakins house on Mount Vernon Street.

The winner, Max Schmitt, was a young lawyer who had been a friend of his since childhood. Huge crowds had watched the race from every possible vantage point. Nobody paid to see it, and nobody got paid, either openly or on the sly, for winning it.

Rowing at that time had a strong moral overtone. In competitive oarsmanship there was no place for sneaky or equivocal behavior. Straightforwardness was fundamental, and, as one enthusiast wrote, "Excellence as an oarsman is wholly inconsistent with dissipation or excess of any nature."

For a young painter who wanted to make his mark, Schmitt-the-straight-arrow was the great subject of the day. In France, Eakins had heard talk of the positivist philosopher Hippolyte Taine, who believed that great works of art should reflect both the essentials of their period and its essential human types.

IN 1868, Eakins had written to his father that the painter's job was to specify what time it was in the painting, what month it was and where the weather was heading. He should also specify "what kind of people are there, and what they are doing, and why they are doing it."

That was Eakins's objective in "The Champion Single Sculls," and he achieved every bit of it in a way that, to quote Helen Cooper, the organizer of the show, "had no precedent in fine art."

This was not a formulaic "sporting picture." It was an image refined and perfected, accurate in its every detail and owing nothing to the conventions and short cuts of the popular print.

It was with this painting that Eakins re-entered the Philadelphia art world in April 1871, nine months after his return to the United States. His friend Max Schmitt naturally had pride of place in the picture. But he is not seen in the heat of competition, as are the other oarsmen in this show. He is shown at a moment of total relaxation on the Schuylkill.



Metropolitan Museum of Art

Detail of Eakins's "Champion Single Sculls," on view in Washington.

As Eakins had watched Schmitt beat three rivals over a three-mile course in October 1870, he could certainly have shown the oarsman as he blasted his way along the course.

This is what he did with the Biglin brothers, a pair of formidable competitors. He painted them in close-up, with every last ligament done to perfection. He also showed how skillfully they dealt with the hazards of the course and the maneuvers of their rivals. Those paintings have a terrible immediacy.

But in "Champion Single Sculls," Schmitt takes it easy. His race is won, and he can sit in his boat with his oars feathered and his right hand at rest by his side. Drifting at center stage, he looks up toward Eakins.

Neither man wanted a celebrity portrait. Eakins wanted Schmitt to be simply the most important element in a portrait of contemporary life, in which time present and time past become one beneath a huge and halcyon sky.

As to why Eakins should have done this, Cooper, who is curator of American paintings and sculptures at the Yale University Art Gallery, has all the answers.

To begin with, the painting is not a transcription of something actually seen. It is a planned confection, worked up in the studio but based on perspective and other drawings that were worked out to the last fraction of an inch.

Eakins began with the time of day (5 P.M.), the month (a remembered October) and the weather (clear, with a glassy stillness on the broad river that allowed mirrored reflections to linger).

Standing back from the scene, and a little above it, he opened it up, both ahead and sideways. Pertinent details turned up in pertinent places, filling in piece by piece the overall report that he wanted to present. Far behind Schmitt, a strikingly unathletic boat inches its way along.

Cooper points out that its two rowers and its coxswain, in old-fashioned Quaker garb, speak for an earlier day. In the far distance a spunky little steamboat makes fun of their labors.

Where two bridges overlap above the river, Cooper distinguishes the ancient Girard Avenue Bridge from its upstart neighbor, the Connection Bridge, which is the servant of the railroad. Fashions in real estate are also mapped with care.

And then there is Eakins himself, rowing a little boat that bears his name upon its stern. If he is clearly struggling with the journey toward the opposite bank, that may be a metaphor for the difficulties (elsewhere so skillfully concealed) of his profession.

THIS great painting is the American precursor of Georges Seurat's "Sunday on la Grande Jatte," which was finished in 1886. But whereas Seurat's intentions remain enigmatic to this day, Eakins in his every touch of the brush was the American plain dealer.

By a happy chance, the Corcoran Gallery, down the road, has, through Sept. 8, an exhibition devoted primarily to another key work by Eakins, "Swimming," which was acquired not long ago by the Amon Carter Museum in Fort Worth, Texas. Dated 1885 and formerly known as "The Swimming Hole," this is a tableau of six naked men, some swimming, others sunning themselves.

As to what prompted it, speculation has recently run free, with results discussed at length in the catalogue by ranking scholars in the field. Eakins did not see why naked men should not have a natural place in art, just as they do in life. But Philadelphia in the 1880s was not ready for that.

This show allows the visitor to study the question afresh. In concert with the "Rowing Pictures," it makes a rewarding day for the Eakins enthusiast.

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Lost Amid New Wares: Old-Style Merchants

By Jennifer Steinhauer
New York Times Service

NEW YORK — When Sally Frame Kasaks, the chief executive of beleaguered Ann Taylor Stores, resigned last week, what was most surprising was not so much that she had been pushed out after more than a year of slow sales. Rather, it was just how few names came up as her possible replacement.

Where dozens might would have quickly emerged as strong candidates a few years ago, retailing specialists say, now the most common answer to the question "Who's next?" is "Who knows?"

"I have not come up with a single person who could replace Sally," Walter Loeb, a retailing consultant, said. "It has to be a person who has the excitement and the leadership and the fire in the belly, and a lot of people fail to meet the test of a great merchant today."

Ms. Kasaks, who just two years ago was considered one of the best merchants in women's mainstream apparel, will be succeeded as chief executive by J. Patrick Spainhour, her former chief operating officer. His background is financial, not creative, and his appointment still leaves Ms. Kasaks' position of chief merchant unfilled.

The reasons for the paucity of great merchants, analysts say, are many, ranging from the growing role of computer spreadsheets in decision-making to an increase in offshore apparel purchasing and the decline of the family store.

But perhaps most important, they say, is the consolidation of the department-store business that historically provided the training for merchants, a role that has all but evaporated.

The consequence, many in the industry say, is that there are few executives who can carry the torch of the great founders of American merchand-

See STORES, Page 13



Saks Fifth Avenue

A focused creativity marked the work of Stanley Marcus, left, the department-store wizard; Millard S. Drexler, who energized Gap, and Rose Marie Bravo, Saks Fifth Avenue head.

GEC Alsthom Opens Talks on Taking Over Framatome of France

Compiled by Our Staff From Dispatches

LONDON — GEC Alsthom is discussing a takeover of the French producer of nuclear power plants Framatome Connectors SA, the energy and industrial company said Friday.

The French government, which six years ago forced Alcatel Alsthom SA to cede majority control of Framatome, permitted the talks to get under way. It said they sought to create a company better able to compete with foreign rivals.

The resulting company would have annual sales of around $15 billion and 90,000 employees worldwide, Alcatel and GEC Alsthom said.

A takeover of Framatome would add nuclear power to GEC Alsthom's main business of building conventional coal-fired energy plants.

Framatome reported a net profit of 578 million francs ($114.1 million) for the first half, a 147 percent increase from the first half of 1995, as it won several new contracts for nuclear power stations.

Alcatel, which holds 44 percent of Framatome after the government intervention and has long said it wanted to regain control or sell, owns 50 percent of GEC Alsthom; the other half is owned by General Electric Co. of Britain.

The transaction under discussion would involve granting stock in the new company to Framatome's majority shareholders — the state-owned nuclear company CEA Industries, with 36 percent of Framatome; the utility company Electricite de France, which owns 11 percent; the state-owned bank Credit Lyonnais, 4 percent, and its employees, 5 percent.

"It is envisaged that shares in the new group would be held by the present shareholders of the companies involved, bearing in mind their respective contributions," GEC Alsthom and Framatome said.

"The probability is that the French state holdings will become a shareholder in the enlarged GEC Alsthom," said Malcolm Bates, deputy managing director of General Electric. "I think they like the business, and they want to stay in it."

The government said its approval of the talks did not necessarily signal approval of a deal.

That would hinge on "appropriate control guarantees," the Finance Ministry said, and Paris would be vigilant in defending its national interests.

The takeover must be "based on a real industrial project," the government said. Shares in Alcatel Alsthom finished up 1.20 francs, at 392, while General Electric stock ended up 6 pence, at 386 ($6.01). Analysts said the transaction would give General Electric increased access to Framatome's growing order book for nuclear power stations, particularly in China.

"There's industrial logic behind the deal," said Christopher Tucker of Paribas. "Most of Alcatel's big competitors have the capability to offer nuclear as well as traditional power plants."

GEC Alsthom and Framatome joined forces last year to win a 10 billion franc contract to build a nuclear plant in Guangdong Province in southern China. Alcatel Alsthom is planning to bid for Thomson SA, the state-owned electrical equipment group slated for privatization this year. The French conglomerate Lagardere Group is also bidding for Thomson. *(Bloomberg, Reuters, AFP)*

NationsBank Plans $8.5 Billion Deal

By Saul Hansell
New York Times Service

NEW YORK — NationsBank Corp., returning to an aggressive acquisition strategy after sitting out last year's flurry of big bank mergers, has agreed to buy Boatmen's Bancshares of St. Louis for about $8.5 billion in stock and cash.

Boatmen's had grown briskly through acquisition and has assets of about $40 billion and operations in nine states. Until recently, Boatmen's, the country's 24th-largest bank, had sought to maintain its independence.

But Andrew Craig 3d, the 65-year-old chairman of Boatmen's, did not have an obvious successor. About a month ago, the bank hired Goldman, Sachs & Co. to auction itself off. Bids from several banks were received on Monday, and the deal with NationsBank was struck late Thursday.

NationsBank is offering 0.6525 of a share of its own stock for each of Boatmen's shares, though it will pay up to 40 percent of the price in the equivalent amount of cash. At Thursday's closing price, the bid was worth $60.27 per Boatmen's share, or a total of $9.25 billion. Friday, however, NationsBank's shares tumbled $7.25 per share, to $85.125, trimming the value of the offer to $55.54 per share, or about $8.53 billion, based on 153.5 million outstanding shares of Boatmen's. Boatmen's stock gained $10.3125 Friday, to $53.25.

At Thursday's prices, the bid offered Boatmen's shareholders a 40 percent premium for their shares. It was also 2.7 times Boatmen's book value, a very high multiple for any bank and especially for NationsBank, which has a reputation for bargain hunting.

"There will be a lot of dismayed NationsBank shareholders," said Thomas Brown, an analyst with Donaldson Lufkin & Jenrette.

Mr. Brown noted that a large acquisition was not consistent with statements made last year by Hugh McColl, NationsBank's chairman. "Hugh said mergers are the old industry paradigm," Mr. Brown said. "This shows the difficulty in the banking industry to balance the need for consolidation with the need by the survivors to make acquisitions on a basis that makes sense for their own shareholders." A person familiar with the auction said the next highest bid was below $55 a share. At least two other banks submitted bids, the person said, although he refused to name them.

One reason that NationsBank could make such a high bid was that its stock has jumped by $10 in the past month.

Mr. Craig will become NationsBank's chairman, although Hugh McColl Jr., 61, the feisty current chairman, will remain chief executive.

■ UST to Buy Walden Bancorp

UST Corp., a bank holding company, said Friday it would buy Walden Bancorp Inc. for stock valued at about $161 million, or $30.875 a share, and take a $13.5 million pretax charge in a move to increase its presence in eastern Massachusetts, Bloomberg Business News reported from Boston.

Factory Orders Surge, Sending Markets Lower

Compiled by Our Staff From Dispatches

NEW YORK — Orders placed with U.S. factories advanced in July to their highest level ever, the government reported Friday, while a monthly index of Chicago-area manufacturing activity soared in August.

The new economic data sent stocks and bonds sharply lower by raising fears of higher interest rates.

Orders rose 1.8 percent, to a seasonally adjusted $317.63 billion, led by demand for electronics and industrial machinery, the Commerce Department said.

The Purchasing Management Association of Chicago said its overall index increased to 60.0 in August from 51.2 in July. An index reading higher than 50 means those area manufacturers reporting improved business outnumbered those reporting deteriorating conditions.

"It's the best of both worlds if you're a manufacturer, but it's the worst of all worlds for the Federal Reserve," said Hugh Johnson, chief investment officer at First Albany Bank in New York state.

The Federal Reserve Board has so far held off on increasing interest rates despite a stream of data showing robust growth. But the newest figures unnerved investors, who concluded that the strong numbers would force policymakers to cool off the economy.

"We can't have the kind of strength we've seen today without a reaction from the Fed," said Waldo Best of Barclays Bank.

The bond market suffered most, with the benchmark 30-year Treasury finishing down 30/32, at 95 15/32. That raised its yield to 7.12 percent from 7.04 percent Thursday. The Dow Jones industrial

See GROWTH, Page 10

IMF Proposes Selling Gold To Help Out Debtor Nations

By Paul Lewis
New York Times Service

NEW YORK — The International Monetary Fund has indicated for the first time that it may be willing to sell some of its $40 billion supply of gold and use the proceeds as an outright gift to reduce the foreign debts of the poorest developing countries, allowing them to improve economic growth and attract more foreign investment.

This is one of several concessions that the IMF and the World Bank have made to critics, who regard their March debt-reduction plan as still too onerous for the poor.

The new plan was sent in confidential outline form to member governments this week. It will be discussed by the executive boards of both institutions next month.

Officials say it is still unclear whether this debt-reduction initiative will be approved, as had been hoped, at this year's ministerial meetings of the World Bank and the IMF in Washington at the end of September. It is expected to cost between $5.6 billion and $7.7 billion over six years.

Although the United States favors gold sales to finance debt relief, other Western industrial countries, which control both institutions, are divided over the wisdom of allowing the IMF to sell any of its gold when it has $30 billion in outstanding loan commitments to Russia and Mexico.

Germany leads the opposition, supported by Italy, Switzerland, Norway and Sweden.

In addition, officials say the so-called Paris Club of Western creditor nations is proving slow to heed a call in June by the Group of Seven leading industrial nations at a summit meeting in Lyon, France, to raise the level of forgiveness offered to qualifying poor countries to 90 percent of their direct debts from 67 percent.

ECONOMIC SCENE

Car Is Not All It's Charged Up to Be

By Peter Passell
New York Times Service

NEW YORK — Electric cars may be expensive today and barely capable of making the round trip to Grandma's house without a recharge. But just wait. Soon they will be far more practical and start making a serious dent in the smog in Los Angeles, New York and half a dozen other cities that are light-years from compliance with federal clean-air standards.

That's the politically correct view. Which is why, despite California's decision to delay a regulation requiring substantial numbers of electric cars in the next few years, the state remains committed — at least for now — to force-feeding hundreds of thousands of battery-operated vehicles to auto buyers early in the next century. But is the reasoning correct?

Lester Lave, an economist at Carnegie-Mellon University, is convinced that the case for electric cars is flawed.

Along with three engineers — A.G. Russell of Georgia Tech and Chris Hendrickson and Francis McMichael at Carnegie-Mellon — he has published in the journal Environmental Science and Technology an assessment of what 500,000 electric cars would probably mean to the air quality in Los Angeles and New York. It turns the standard argument for mandating zero-emission vehicles on its head.

"The new car is no longer much of the smog problem, and therefore can't be much of the solution," Mr. Lave said.

Mr. Lave and his colleagues also said electric cars were themselves environmentally suspect. For the foreseeable future they will store electricity in lead-acid batteries that will have to be manufactured from newly smelted ore or recycled from worn-out batteries — and in the process release dangerous lead into the air, water and land.

When cars burn gasoline they emit nitrous oxide and a class of chemicals called volatile organic compounds. Mix them together in the presence of sunlight, and the result is ozone, the active ingredient in smog.

Electric motors emit no pollutants, which is why environmentalists and entrepreneurs who want to sell electric vehicles have nurtured visions of sparkling-clear air after motorists switch from internal combustion engines. But Mr. Lave and his group offer a sobering reality check using the same computer simulation employed by the California Air Resources Board.

Substitute 500,000 electric cars for the same number of new gasoline-powered ones in Los Angeles — a plausible number for the year 2010 — and what happens? Not much. Peak levels of ozone are reduced, but to 199 parts per billion from 200.

The current safe level is estimated to be 120 parts per billion, and new research suggests that the target should be lowered to around 70 parts per billion to meet the law's requirement to eliminate all health risk.

New York City would fare no better. The effect of 500,000 electric cars would be virtually undetectable, leaving peak projected ozone levels at 190 parts per billion.

"We've known for quite some time that zero-emission cars wouldn't make much difference if they substituted for very clean ones," said Robert Hahn, an economist at the American Enterprise Institute. New cars are very clean: The gasoline-powered car already mandated for California removes 95 to 98 percent of the pollutants detrimental to health. Because of cleaner engines, cars are no longer central to realistic strategies for dealing with smog. Mr. Lave estimates that an all-electric car fleet would lower peak ozone in Los Angeles by just 10 percent from what it would be given the types of gasoline-powered cars projected to be on the road in 2010.

The Environmental Protection Agency views the elimination of lead additives from gasoline as a great victory, with estimated benefits of $100 billion annually in reduced health costs and lower rates of disease. That could be at risk unless the lead and battery industries can contain virtually all the emissions from manufacturing and recycling the heavy metal.

"The fact is, we'd not get any benefit from electric cars," Mr. Lave said.

China is clearing the air. Page 13.

CURRENCY & INTEREST RATES

Cross Rates

Aug. 30

	$	€	D.M.	F.F.	Lira	D.Fl.	B.F.	S.F.	Yen	£	Peseta
Amsterdam	1.4575	2.59	1.7213	0.2276	0.1498*	—	5.445*	1.3005	1.5063*	1.212	1.1255*
Brussels	36.64	67.60	28.5975	5.8525	2.016*	18.372	—	25.3125	0.2907	29.355	34.26*
Frankfurt	1.4807	2.7857	—	0.2972	0.1771*	0.8719	4.0954*	1.2205	1.3681*	1.0835	1.1634*
London (a)	1.5015	—	2.3302	1.0083	2.2391.55	2.2987	47.695	1.6743	148.66	2.3202	155.4688
Madrid	125.357	155.14	84.561	24.772	8.2182*	75.421	4.1957	104.255	115.256*	91.371	—
Milan	1,512.30	2,329.00	1,022.65	294.43	—	910.53	48.578	1,257.25	13.916	1,185.20	12.079
New York (b)	—	1.5428n	1.484	5.069	1,572.00	1.4615	38.82	1.3816	108.95	1.3482	136.39
Paris	5.074	7.8965	3.4579	—	6.3515*	3.3851	0.1167	4.5189	4.4641*	2.7713	4.8405*
Tokyo	108.50	168.88	73.45	21.44	0.719	65.62	3.5579	90.85	—	79.39	0.0895
Toronto	1.3668	2.1271	0.9253	0.2698	0.8905*	0.8258	0.4485*	1.1367	1.2592*	—	1.257*
Zurich	1.2161	1.8921	0.8114	0.237	0.0794*	0.7225	3.938*	—	1.1047*	0.877	0.9598*
1 ECU	1.2005	0.8547	1.9821	4.5123	1,943.69	2.1208	28.1967	1.5436	139.827	1.1547	160.894
1 SDR	1.4577	0.9361	2.1587	N.Q.	N.Q.	2.4234	44.449	1.7488	158.069	1.3961	182.732

Closings in Amsterdam, London, New York, Milan, Paris, Toronto, and Zurich. Rates in other centers.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9988	Greek drac.	237.40	Mex. peso	7.5320	S. Afr. rand	4.4885
Australian $	1.2655	Hong Kong $	7.7319	N. Zealand $	1.4476	S. Kor. won	819.00
Austrian sch.	10.435	Hung. forint	154.47	Norw. krone	6.4225	Swed. krona	6.6244
Brazil real	10.017	Indian rupee	35.675	Phil. peso	26.21	Taiwan $	27.47
Chinese yuan	8.3364	Indo. rupiah	2342.50	Polish zloty	2.74	Thai baht	25.30
Czech koruna	26.04	Irish £	0.6188	Port. escudo	151.50	Turkish lira	86017.5
Danish krone	5.7349	Israeli shek.	3.1415	Russ ruble	5356.00	UAE dirham	3.6705
Egypt. pound	3.3874	Kuw dinar	0.2995	Saudi riyal	3.75	Venez. bolfv.	475.00
Fin. markka	4.4985	Malay. ring.	2.4925	Sing. $	1.4067		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.5555	1.5554	1.5552	Japanese yen	108.31	107.81	107.38
Canadian dollar	1.3452	1.3436	1.3420	Swiss franc	1.2002	1.1966	1.1935
Deutsche mark	1.4803	1.4773	1.4744				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from Reuters and AP.

Libid-Libor Rates

Aug. 30

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5¼ - 5⅛	3⅛ - 3	2 - 1⅞	5⅝ - 5½	3⅛ - 3	⅜ - ½	4⅛ - 4
3-month	5⅜ - 5⅛	3⅛ - 3	2⅛ - 2	5⅝ - 5½	3⅛ - 3	⅜ - ½	4⅛ - 4
6-month	5⅜ - 5⅛	3⅛ - 3	2⅛ - 2	5⅝ - 5½	4 - 3⅞	½ - ⅝	4 - 3⅞
1-year	5⅜ - 5⅛	3⅛ - 3	2⅛ - 2	5⅝ - 5½	4 - 3⅞	⅝ - ¾	4 - 3⅞

Sources: Reuters, Lloyd's Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5.00	5.00
Prime rate	8¼	8¼
Federal fun	5⅛	5.00
3-month CDs	4.94	4.92
CP 180 days direct	5.11	5.11
3 month Treasury bill	5.15	5.09
1-year Treasury bill	5.59	5.48
2-year Treasury bill	6.33	6.23
5-year Treasury note	6.72	6.62
7-year Treasury note	6.81	6.71
10-year Treasury note	6.94	6.85
30-year Treasury bond	7.12	7.04
Merrill Lynch 30-day RA	4.86	4.86
Japan		
Discount rate	0.50	0.50
Call money	0.40	0.40
1-month interbank	0.56	0.56
3-month interbank	0.56	0.56
6-month interbank	0.63	0.63
10-year deri bond	2.96	2.99
Germany		
Lombard rate	4.50	4.50
Call money	3.15	3.10
1-month interbank	3.16	3.18
3-month interbank	3.18	3.20
6-month interbank	3.22	3.22
10-year Bund	6.40	6.36

Britain		
Bank base rate	5¼	5¼
Call money	6.00	5¾
1-month interbank	5⅛	5⅛
3-month interbank	5⅛	5⅛
6-month interbank	5⅛	5⅛
10-year Gilt	7.90	7.86
France		
Intervention rate	3.35	3.35
Call money	3½	3½
1-month interbank	3⅝	3⅝
3-month interbank	3⅝	3⅝
6-month interbank	4⅛	4⅛
10-year OAT	6.49	6.48

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Crédit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	387.20	386.25	—2.00
London	387.25	386.45	—1.55
New York	392.40	391.30	—1.10

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (Dec.)
Source: Reuters.

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Finland	0800110064	Turkey	008001510280
Singapore	8001202501	Hong Kong	8007209
N Zealand	0800441880	S. Africa	0800896337
Colombia	9801553713	Cyprus	08088868
Bermuda	18008119063	N.A.	0018008119063
Thailand	0018001206852059	Korea	0078148002633
Germany	0130829666	Belgium	080015880
Japan	0031126609	Australia	1800125944
Israel	1771503783	Spain	900971408
Brazil	0008145502579	Mexico	958008784178

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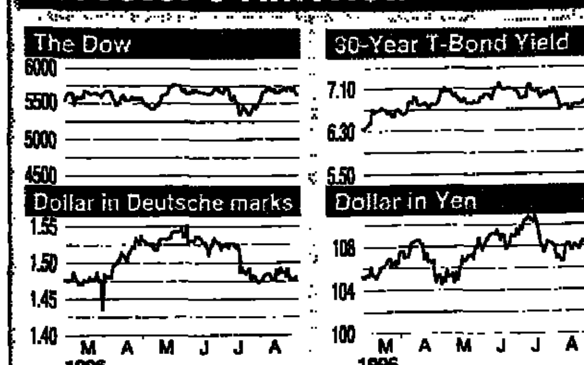
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THE WORLD'S DAILY NEWSPAPER

gonna shoot, you do it in another room!"

Investor's America



Exchange	Index	Friday Close	Prev. Close	% Change
NYSE	The Dow	5616.21	5647.65	-0.56
NYSE	S&P 500	651.99	657.40	-0.82
NYSE	S&P 100	629.62	634.07	-0.70
NYSE	Composite	350.99	353.36	-0.67
U.S.	Nasdaq Composite	1142.08	1145.32	-0.28
AMEX	Market Value	559.68	561.34	-0.30
Toronto	TSE Index	5143.43	5162.83	-0.38
São Paulo	Bovespa	62869.59	62532.60	+0.54
Mexico City	Bolsa	3305.47	3334.90	-0.88
Buenos Aires	Merval	509.43	504.34	+1.01
Santiago	IPSA General	5302.46	5307.27	-0.09
Caracas	Capital General	4604.33	4664.42	-1.29

Source: Bloomberg, Reuters — International Herald Tribune

Vein of Junior Mining Stocks

By Clyde H. Farnsworth
New York Times Service

TORONTO — The $800 million takeover by Barrick Gold Corp., North America's biggest gold producer, of Arequipa Resources, a tiny four-year-old Vancouver company with potentially rich deposits in Peru, is spurring renewed interest in Canada's plentiful supply of junior mining stocks.

The juniors enjoyed a lusty market play last spring in the wake of the phenomenal success stories of Diamond Fields Resources, since acquired by Inco Ltd., which a few years ago accidentally discovered mammoth reserves of nickel in Labrador, and Bre-X Minerals, which hit upon one of the world's largest gold mines in Busang on the island of Borneo. But the markets, as is typical, overreacted, and earlier this summer there was a sharp sell-off in these issues. Barrick's announcement July 11 that it would pay $27 a share for Arequipa, whose stock through January had never risen much above $2, stunned the market and stirred the pot anew.

On Aug. 16, Barrick, demonstrating an insatiable appetite for acquisitions, sweetened the offer to $30. On Tuesday, Barrick locked up the deal after 93 percent of the Arequipa shares it did not already own had been tendered.

Manford Mallory of Research Capital said, "I think the majors are going to commit earlier to acquisitions of junior mining companies and assume more of the exploration risks than they used to."

Frank Giustra, chief executive of Yorkton Securities in Toronto, which has raised $2 billion in equity for junior mining companies worldwide in five years, said, "In our view, there is no reason why we won't see a Bre-X or Arequipa-type discovery come up practically every year over the next five to 10 years."

Mr. Giustra has four candidates: Bema Gold, which has favorable assay results from holes in the Maricunga district of Chile; Northern Orion Explorations, with four advanced projects in copper and gold in Argentina; Consolidated Eurocan Ventures, working on copper, cobalt and gold properties in Shaba Province of Zaire, and Kazakhstan Minerals Corp., which has seven joint ventures in Kazakstan.

GROWTH: *Data Dismay Markets*

Continued from Page 9

average ended down 31.44 points, at 5,616.21, with declining issues leading gainers by a 7-to-4 ratio on the New York Stock Exchange.

Some analysts noted that the Chicago report showed no new indications of inflation, suggesting that the Fed might not need to take action. The report's index of prices paid fell to 51.8 in August from 53.0 in July.

But a member of the Federal Reserve Board, Lawrence Lindsey, said the strong economic growth raised the risks of inflation.

"When the economy is expanding as solidly as this," he told a television network, "there are greater risks that we may see some overheating, so that is where the focus of my attention is now."

Mr. Lindsey said he had been concerned about the increasing number of personal bankruptcies.

"I think that is very troubling," he said, adding, "I think that the growth in consumption has been higher than growth in income."

Consumer spending did rise a moderate 0.2 percent in July, the Commerce Department said, outpacing the 0.1 percent increase in personal income. Consumer spending represents about two-thirds of U.S. economic activity.

Consumer confidence in the economy gained in August, reaching a six-year high in the Conference Board survey of 5,000 households. The University of Michigan's consumer sentiment index for the month also rose.

"The consumer feels good, manufacturing feels good, and home sales are back up," said Denny Niedringhaus, senior vice president at Southwest Bank of St. Louis. "People were hoping for a continued slowdown, and they didn't get it. Bond yields are going up."

Financial and other rate-sensitive issues led the decline among stocks.

"Interest-rate-related stocks are all down," said David Shulman, chief market strategist at Salomon Brothers Inc. Chase Manhattan fell 1½ to 74⅜, the homebuilder Centex fell ⅜ to 32¼, and the lender Sallie Mae dropped 2¼ to 73⅝.

"There's no interest-rate cushion under this market," said Arthur

U.S. STOCKS

Stockton, chief executive at Stockton Trust. "Earnings are the only thing left to consider, and it was really earnings that caused the market to get in trouble" during a correction in July.

Trading was the lightest all year, with 259.8 million shares exchanged on the Big Board as traders prepared to observe the U.S. Labor Day holiday Monday.

Many investors also were awaiting further data, due next week, including the National Association of Purchasing Managers index and employment figures.

Dell Computer gained 1⅛ to 67¾ after Standard & Poor's said it would add shares of the maker of personal computers to the S&P 500 index Thursday. Issues added to the benchmark index often rise because investors who wish to mimic the index's performance buy them.

Dell replaced Varity, a maker of parts for cars and trucks that was bought by Lucas Industries of Britain. Varity fell 1⅜ to 50⅝.

ValuJet shares increased 1 31/64 to 12 31/64 after the discount airline won tentative approval from federal regulators to resume flight operations, more than two months after it was ordered grounded for safety violations in the aftermath of a fatal crash in Florida.

Iridex rose 1¼ to 9½ after the maker of laser medical instruments said it had received approval from the Food and Drug Administration to market its OcuLight laser that treats various eye diseases.

(AP, Bloomberg, AFX)

New York Magazine's Editor Is Ousted

By Kenneth N. Gilpin
New York Times Service

NEW YORK — Kurt Andersen, the brash cofounder of Spy Magazine who had been editor of New York magazine since February 1994, has been ousted after weeks of rumors that he might be dismissed.

Mr. Andersen, 42, oversaw a sweeping and costly redesign of the magazine last year, one that executives at K-III Magazines, New York's parent, had hoped would generate a major jump in circulation.

But the redesign, coupled with a shift in the magazine's editorial focus, has been met with resistance by important segments of New York's subscriber base.

"Since we had not gotten a significant boost in circulation commensurate with our multimillion-dollar investment and were receiving some indications of reader dissatisfaction, we decided we were going with new editorial leadership," said Harry McQuillen, president of K-III. Mr. Andersen, whose contract with New York was scheduled to expire in February, will be replaced on an interim basis by Richard Babcock, 49, a former New York editor who is now editor of K-III's Chicago magazine.

Mr. Andersen, who served as an editor-at-large and columnist at Time magazine in 1993 after leaving Spy, said his dismissal was "somewhat baffling."

"Their mandate to me was to make the readership young and to give the magazine some edge," he said. "We have done both of those things."

But edges have corners, and they cut two ways. According to people in the industry, some of New York's cover stories, including a recent article about infighting between Felix Rohatyn and Steven Rattner, a fellow partner at Lazard Freres & Co., upset a number of important readers, including Henry Kravis, a partner in Kohlberg Kravis Roberts & Co., the leveraged buyout firm that owns 85 percent of K-III Magazines.

A spokesman for Mr. Kravis declined to comment.

Very briefly:

Hughes Leads in PanAmSat Bids

NEW YORK (Reuters) — The aerospace company Hughes Electronics Corp. heads the list of bidders to buy the satellite-services provider PanAmSat Corp., providing a strong offer, a source close to the talks said Friday.

"I think they are just looking at the best offers on the table now," the source said, adding that the Hughes offer was about the best on the table.

Both PanAmSat and Hughes declined to comment on what they called speculative reports. Hughes is part of General Motors Corp.

• **Dow Corning Corp.** said it would provide details next week of a program advertising deadlines to file claims against the company. The 50-50 joint venture of Dow Chemical Inc. and Corning Inc., facing more than 19,000 claims that its silicone-gel breast implants caused injury or disease in women, filed for Chapter 11 bankruptcy-law protection in May 1995.

• **General Motors Corp.** and the **International Union of Electronic Workers** recessed talks because little progress was being made, a union negotiator said. The union represents 24,000 GM workers, most of whom work in parts plants. It negotiates separately from GM's biggest union, the 400,000-member United Auto Workers. The break in talks came amid news that U.S. car and truck sales in August were expected to fall by 2 percent to 3 percent from a year earlier.

• **U.S. Surgical Corp.** extended its $235 million, or $18-a-share, hostile takeover bid for **Circon Corp.** until Sept. 30. U.S. Surgical, which already held 1 million Circon shares, said 6.99 million shares had been tendered by the expiration of the offer Thursday. The tendered shares, plus the shares it already owned, represent 63 percent of Circon's shares outstanding. U.S. Surgical, which based its offer on acquiring 67 percent of Circon's shares, extended it through 6:00 P.M. Eastern time Sept. 30.

Bloomberg, AP

Dollar Benefits After Bundesbank Chief Says It Is Undervalued

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rose against most other major currencies Friday, supported by comments from the head of the German central bank, by a drop in gold prices and by a weak Mexican peso.

The dollar received a lift from Hans Tietmeyer, the president of the Bundesbank, who said the dollar was "undervalued."

"I believe the fundamental economic data in the U.S. support the view that the dollar could be valued somewhat higher," Mr. Tietmeyer said.

The dollar also benefited from the German currency's decline against the French franc.

"The main story is in mark weakness," said Tom Arnold, chief dealer at Dai-Ichi Kangyo Bank in New York.

The Deutsche mark fell against the French franc after a report that the number of people

FOREIGN EXCHANGE

seeking jobs in France unexpectedly fell by 20,000 in July. The French report assuaged concern that the weakness of the economy would make it too hard for the government to cut its budget deficit in time to meet the requirements for joining a single European currency in 1999.

The mark finished at 3.4212 francs in Europe, compared with 3.4288 francs Thursday.

The dollar rose to 1.4808 DM in New York from 1.4771 DM on Thursday and to 108.95 yen from 108.42 yen. The U.S. currency also rose to 5.0690 French francs from 5.0613 francs and to 1.2016 Swiss francs from 1.1948 francs. The pound was at $1.5628, up from $1.5576.

The Mexican peso weakened to a one-month low amid signals from the Mexican government that it did not want the peso to appreciate, economists said.

Traders also cited jitters before a "state of the nation" address from President Ernesto Zedillo this weekend amid political unrest in Mexico. *The dollar rose to 7.5775 pesos from* 7.4890 pesos on Thursday.

The dollar also gained as gold prices fell on indications from the International Monetary Fund that it would be willing to sell some of its $40 billion supply of gold to help poor countries reduce their foreign debts. Gold prices fell $1.10 to $391.30 in New York.

(KRF/Global, Bloomberg, Reuters, AFX)

AMEX

Friday's 4 p.m. Close
The top 300 most-active shares, up to the closing on Wall Street.
The Associated Press

Stock	Sales	High	Low	Latest	Chge
AM Intl	115	2 9/16	2 9/16	2 9/16	+1/16
AMC	163	18¾	18¼	18⅝	—
ARC	109	2⅞	2¾	2¾	—⅛
ASR Inv	62	19⅝	19⅛	19½	—⅛
ATT Fd	78	74½	74	74¼	—¼
AdmRsc	421	10¾	9⅞	10⅝	+¾
AdvFin	222	1 1/16	1 1/16	1¼	+⅛
AdvMed	1373	3⅝	3½	3⅝	+⅛
AirWat	225	8⅝	8⅜	8⅜	—
AHaagen	394	13¾	13⅝	13¾	—
Affin	80	2 7/16	2 5/16	2 7/16	+1/16
AllouH	82	5⅝	5½	5½	—⅛
Alphain	104	8 1/16	8	8	—¼
AlpinGr	209	5 9/16	5⅜	5 9/16	+1/16
AltLiving n	222	15⅝	14½	15⅜	+¾
Amdhl	1315	10	9 15/16	9 15/16	+1/16
AIM 85	60	14½	14	14½	+⅛
AScIE	278	14¼	13⅝	14	+⅜
ATechC	125	8⅝	8	8¼	+⅜
Ampex n	2102	7½	7 3/16	7¼	—¼
Andrea	92	11	10⅝	10⅝	—¼
Astrotc	77	5⅞	5¾	5⅞	—
Audvox	66	5 1/16	4 15/16	5	—
AurorEl	83	2⅝	2½	2⅝	+⅛
Autotote	275	1⅞	1¾	1¾	—
Azco	497	1 7/16	1 5/16	1⅜	+1/16
B&H Mr	191	11/16	11/16	11/16	—
B&HO	72	2 9/16	2 7/16	2 9/16	+⅛
BAT Ind	472	13⅞	13⅝	13⅝	—⅜
BHC	385	93½	92⅝	93	—¼
Baker	290	5⅛	4 15/16	5⅛	+⅛
Barist	115	2⅜	2¼	2⅜	+⅛
BayMeo	907	18⅝	18⅜	18½	+⅛
BemaGold	12641	8⅛	7⅝	7 11/16	+1/16
BentPh	69	2⅜	2½	2¾	+⅜
BioR A s	243	28 1/16	27⅝	28	—⅛
Biovail s	1947	30¼	29¾	30	+¼
BNYIQ	94	12½	12½	12½	—⅛
BlondT n	201	9 1/16	8¾	8 15/16	—¼
BowlA	100	7	7	7	—
Bowne	208	20¼	19⅞	19⅞	—½
Button	112	2	1 15/16	1 15/16	+1/16
CET Env S	96	6⅛	5⅞	6⅛	+⅛
CFX Cp	97	14	13¾	13⅞	+⅛
CIM	150	7½	7⅜	7⅜	—
CSTEnt	438	¼	¼	¼	—
Cablvsn	240	42¼	42	42⅛	—

Stock	Sales	High	Low	Latest	Chge
JanBell	67	2 5/16	2¼	2¼	—1/16
KFX Inc	92	6⅝	6⅜	6½	—
KV Ph A	72	12	11⅜	11⅜	—⅝
Keane	1161	46⅞	44⅝	45	—2
KeystHer s	269	21⅝	21⅜	21⅜	—
KogrEq	935	15⅝	15⅜	15⅜	—
LXRBiot	520	2⅞	2¼	2⅝	—⅛
LaBarg	518	5⅝	5 9/16	5 9/16	—1/16
LsrTech	70	4⅝	4 9/16	4 9/16	—1/16
LazKap	282	16½	15⅝	16½	+1⅛
LilVern	67	11⅝	11½	11½	—
MAI Sys	141	7⅞	7⅜	7⅞	—
Magellan	310	17¼	17⅛	17¼	+⅛
MagnPet	69	3 13/16	3⅝	3¾	—1/16
Marlton	128	3 11/16	3½	3⅝	+1/16
MaximPh n	87	9⅝	9⅛	9⅝	+⅛
MaximP wt	86	2⅜	2 5/16	2⅜	—1/16
MedcR	98	9	8⅞	9	—
Medeva	106	15⅝	15⅜	15⅜	—⅛
MediaLog	261	6⅛	5⅞	6 1/16	+3/16
Metromdo	1187	11⅛	10⅝	11	—
Microtel s	233	3⅜	3	3⅛	—1/16
MoogA	61	19½	19	19½	+½
MSNik 97wt	637	7½	7	7⅛	—½
MntasiaE	506	3	2⅞	2 15/16	—
MuniMtg n	441	15⅝	14⅞	14⅞	—
Munvst	486	9 9/16	9½	9½	—
MunyAZ	89	12¼	12¼	12¼	—
Myersind	96	15⅝	15⅜	15½	—⅛
NTNCom	754	4 11/16	4⅜	4 9/16	+3/16
NVR	505	9⅞	9⅝	9⅝	+⅛
NVR wt	596	½	½	½	—
Nabors	486	14⅝	14⅜	14⅜	—⅛
NatBev	108	18⅛	17¾	18⅛	+⅛
NatAlr	122	8¼	8⅛	8⅛	—⅛
NY Times	1220	31⅝	31¼	31¼	—⅜
Nordic wt	100	4¼	4⅛	4⅛	+⅛
NA Vacc	1027	22½	21⅜	21⅜	—⅝
Novavx n	108	4 5/16	4⅛	4¼	—1/16
Numac	70	4⅝	4 9/16	4 9/16	—1/16
NCAPI	64	11⅞	11⅞	11⅞	—
NGAPI	111	13⅝	13⅛	13⅛	—⅛
OmniMult	118	4 5/16	4⅛	4 5/16	—⅛
Oncor	207	5	4⅞	5	+1/16
Oncormd	341	3⅝	3½	3⅝	—
Orgnon s	431	17¾	17½	17⅝	—⅜
PC Quote	324	5½	5¼	5 5/16	—1/16
PGECap pf	88	24⅝	24⅝	24⅝	—
PLC Sys	264	20⅜	19⅞	20¼	+⅛
PGEpfG	102	24⅝	24⅝	24⅝	—⅛
PacGulf	185	18⅝	18½	18⅝	+⅛
PcR&E wt	61	7/16	7/16	7/16	+⅛
PamHld	82	1⅞	1⅜	1⅞	+½
PaxsnC	195	10¾	10¼	10⅝	+⅛

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	5641.73	5647.65	5588.47	5616.21	—31.44
Trans	2056.19	2057.34	2040.78	2044.78	—12.56
Util	216.11	216.46	213.88	214.36	—1.96
Comp	1805.74	1807.31	1790.87	1796.28	—11.10

Standard & Poors

	High	Low	Close	Chg.
Industrials	776.59	768.21	770.39	—6.13
Transp.	498.23	495.39	497.08	—1.15
Utilities	189.81	187.63	187.86	—1.95
Finance	68.75	67.87	67.88	—0.70
SP 500	657.71	650.52	651.99	—5.41
SP 100	634.17	627.62	629.62	—4.45

NYSE

	High	Low	Last	Chg.
Composite	353.37	350.14	350.99	—2.37
Industrials	448.25	444.10	445.46	—2.79
Transp.	321.97	319.34	320.92	—1.05
Utility	242.37	239.97	240.40	—1.70
Finance	302.05	299.19	299.35	—2.66

Nasdaq

	High	Low	Last	Chg.
Composite	1148.17	1139.67	1142.08	—2.95
Industrials	1053.71	1046.65	1050.42	—1.88
Banks	1112.06	1108.84	1112.06	+4.06
Insurance	1298.61	1295.49	1295.77	—1.54
Finance	1369.91	1365.38	1368.40	+22.07
Transp.	863.24	860.08	861.27	+3.79

AMEX

	High	Low	Last	Chg.
	561.66	558.95	559.68	—1.64

Dow Jones Bond

	Close	Chg.
20 Bonds	101.82	+0.06
10 Utilities	99.02	+0.07
10 Industrials	104.62	+0.05

Trading Activity

NYSE

	Close	Prev.
Advanced	823	760
Declined	1466	1645
Unchanged	861	794
Total issues	3150	3199
New Highs	33	49
New Lows	24	27

Nasdaq

	Close	Prev.
Advanced	1874	1606
Declined	1755	2112
Unchanged	2007	1921
Total issues	5636	5639
New Highs	87	94
New Lows	57	76

AMEX

	Close	Prev.
Advanced	313	212
Declined	281	285
Unchanged	193	233
Total issues	687	730
New Highs	11	11
New Lows	5	10

Market Sales

	Today Close	Prev. cons.
NYSE	256.95	385.59
Amex	13.69	20.15
Nasdaq	308.31	419.99

In millions.

Dividends

Company	Per	Amt	Rec	Pay
STOCK SPLIT				
Symix Systems 2 for 1 split.				
Unifirst Inc 3 for 2 split.				
INCREASED				
Albermarle Corp	Q	.07	9-16	10-1
Gen Magnaplate	-	.07	9-27	10-15
Mas-Dixon Bncsh	Q	.13	9-6	9-13
REGULAR				
BCE Inc	g	.68	9-13	10-15
Cracker Barrel	Q	.005	9-13	9-27
Dreyfus CA Muni	M	.041	9-13	9-27
Dreyfus Muni Inco	M	.052	9-13	9-27
Dreyfus NY Mun	M	.05	9-13	9-27
Dreyfus Strat Gov	M	.0625	9-13	9-27
Dreyfs StratMuBd	M	.052	9-13	9-27
Dreyfs StratMn	M	.056	9-13	9-27
Fst Shenango	Q	.12	9-30	10-18
Hach Co	Q	.06	10-17	10-31
Hancock PatPfDv	M	.096	9-12	9-27
Intl Aluminum	Q	.25	9-20	10-10
MCM Corp	Q	.02	9-9	9-27
Minntech Corp	A	.10	9-12	9-27
NSD Bancorp	Q	.20	9-16	9-30
Paul Revere	Q	.06	9-13	9-30
Pulaski Furniture	Q	.16	9-3	9-16
Snyder Oil	Q	.065	9-13	9-30
Telephone & Data	Q	.10	9-13	9-30
Toronto Domin Bk	g	.25	10-15	10-31
Tower Air	Q	.04	9-10	9-16
United Bksbrs	Q	.31	9-13	10-1
Whitney Holding	Q	.25	9-16	10-1

a-annual; b-approximate amount per share/ADR; g-payable in Canadian funds; m-monthly; q-quarterly; s-semi-annual

Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a - dividend also extra (s).
b - annual rate of dividend plus stock dividend.
c - liquidating dividend.
cld - called.
d - new yearly low.
e - dividend declared or paid in preceding 12 months.
g - dividend in Canadian funds, subject to 15% non-residence tax.
i - dividend declared after split-up or stock dividend.
j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k - dividend declared or paid this year, an accumulative issue with dividends in arrears.
n - new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd - next day delivery.
P/E - price-earnings ratio.
r - dividend declared or paid in preceding 12 months, plus stock dividend.
s - stock split. Dividend begins with date of split.
sls - sales.
t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u - new yearly high.
v - trading halted.
vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd - when distributed.
wi - when issued/
ww - with warrants.
x - ex-dividend or ex-rights.
xdis - ex-distribution.
xw - without warrants.
y - ex-dividend and sales in full.
yld - yield.
z - sales in full.

INTERNATIONAL FUTURES

Aug. 30, 1996

	High	Low	Close	Chge	Opint
Grains					
CORN (CBOT) 5,000 bu minimum- dollars per bushel					
Sep 96	3.72½	3.66¼	3.70¼	+0.00¼	27,012
Dec 96	3.45	3.42½	3.44	—0.00½	183,856
Mar 97	3.51½	3.49½	3.51½		42,365
May 97	3.57¼	3.55¼	3.56½	—0.00½	14,501
Jul 97	3.56¼	3.54¼	3.56	+0.00¼	11,662
Est. sales N.A. Thu's. sales 46,820					
Thu's open int 288,873 off 4536					
SOYBEAN MEAL (CBOT) 100 tons- dollars per ton					
Sep 96	267.50	266.20	266.50	—0.10	17,663
Oct 96	258.50	257.00	257.30	—0.90	15,819
Dec 96	254.50	252.30	253.60	—0.80	37,558
Jan 97	252.50	250.80	251.00	—0.80	6,861
Mar 97	251.00	249.00	249.50	—0.80	6,438
May 97	248.00	246.00	246.70	—0.50	4,764
Est. sales N.A. Thu's. sales 25,040					
Thu's open int 91,332 up 1305					
SOYBEAN OIL (CBOT) 60,000 lbs- dollars per 100 lbs.					
Sep 96	25.38	25.12	25.26	+0.08	6,140
Oct 96	25.54	25.32	25.52	+0.11	15,688
Dec 96	25.99	25.74	25.92	+0.12	40,182
Jan 97	26.16	26.02	26.12	+0.10	6,821
Mar 97	26.57	26.34	26.50	+0.12	6,087
May 97	26.80	26.70	26.78	+0.04	4,001
Est. sales N.A. Thu's. sales 31,684					
Thu's open int 80,424 up 421					
SOYBEANS (CBOT) 5,000 bu minimum- dollars per bushel					
Sep 96	8.21	8.13	8.14	—0.05¼	8,215
Nov 96	7.96¾	7.92	7.94	—0.01	125,968
Jan 97	8.03½	7.99	8.01¾		21,663
Mar 97	8.08	8.04	8.07	+0.01	13,395
May 97	8.07	8.04	8.06	+0.00½	11,662
Est. sales N.A. Thu's. sales 36,784					
Thu's open int 193,141 up 1452					
WHEAT (CBOT) 5,000 bu minimum- dollars per bushel					
Sep 96	4.52½	4.47½	4.48	—0.03¼	8,780
Dec 96	4.59	4.52	4.54	—0.02	41,281
Mar 97	4.56	4.50	4.51	—0.01	9,551
May 97	4.33	4.30	4.32	—0.07	517
Est. sales N.A. Thu's. sales 18,426					
Thu's open int 63,962 up 663					
Livestock					
CATTLE (CMER) 40,000 lbs.- cents per lb.					
Oct 96	72.30	71.65	72.22	+0.35	42,323
Dec 96	68.67	67.77	68.05	+0.10	24,155
Feb 97	65.65	65.35	65.60	+0.18	14,901
Apr 97	67.07	66.90	67.05	+0.08	5,170
Jun 97	64.97	64.87	64.92	+0.02	2,738
Aug 97	65.15	65.07	65.12	+0.07	2,866
Est. sales 6,432 Thu's. sales 11,473					
Thu's open int 93,154 up 1918					
FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.					
Sep 96	62.15	62.80	63.10	+0.25	3,268
Oct 96	63.20	62.75	63.15	+0.30	7,810
Nov 96	63.85	63.20	63.75	+0.43	2,711
Jan 97	64.25	63.95	64.17	+0.17	1,446
Mar 97	63.67	63.45	63.67	+0.22	880
Apr 97	63.65	63.55	63.60	+0.15	625
Est. sales 1,152 Thu's. sales 1,270					
Thu's open int 18,144 off 218					
HOGS-Live(2/97 Lean) (CMER) 40,000 lbs.- cents per lb.					
Oct 96	52.50	51.80	52.42	+0.02	13,055
Dec 96	53.60	52.80	53.55	+0.40	11,006
Feb 97	74.17	73.65	74.10	+0.08	3,834
Apr 97	72.10	71.70	71.92	+0.02	1,592
Jun 97	77.00	76.70	76.92		1,463
Jul 97	74.95	74.70	74.87	—0.03	293
Est. sales 6,253 Thu's. sales 9,429					
Thu's open int 31,477 up 473					
PORK BELLIES (CMER) 40,000 lbs.- cents per lb.					
Feb 97	78.05	78.85	78.05	—2.00	4,863
Mar 97	77.90	77.42	77.42	—2.00	904
May 97	77.50	77.80	77.00	—2.00	294
Jul 97	77.90	77.50	77.50	—2.00	71
Aug 97			75.40	—2.00	18
Est. sales 409 Thu's. sales 777					
Thu's open int 6,197 off 88					
Food					
COCOA (NCSE) 10 metric tons- $ per ton					
Sep 96	1326	1304	1304	—19	185
Dec 96	1368	1351	1353	—18	32,509
Mar 97	1399	1385	1387	—8	17,369
May 97	1414	1410	1410	—5	8,029
Jul 97	1437	1420	1428	—10	5,973
Est. sales N.A. Thu's. sales 3,739					
Thu's open int 78,360 up 714					
COFFEE C (NCSE) 37,500 lbs.- cents per lb.					
Sep 96	128.80	127.00	128.00	—0.10	1,279
Dec 96	118.75	116.00	117.70	+0.65	19,234
Mar 97	112.75	110.60	112.00	+0.45	5,174
May 97	111.50	111.00	111.50		1,778
Est. sales N.A. Thu's. sales 5,696					
Thu's open int 28,270 up 114					
SUGAR-WORLD 11 (NCSE) 112,000 lbs.- cents per lb.					
Oct 96	11.88	11.74	11.78	+0.05	69,562
Mar 97	11.44	11.38	11.43	+0.05	47,447
May 97	11.23	11.19	11.23	+0.03	18,098
Jul 97	10.90	10.88	10.90	+0.02	13,399
Est. sales N.A. Thu's. sales 8,077					
Thu's open int 157,919 off 419					

	High	Low	Close	Chge	Opint
ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.					
Sep 96	119.50	118.00	118.25	—1.40	2,372
Nov 96	115.80	113.50	114.00	—0.75	9,877
Jan 97	114.20	113.20	113.40	—0.65	4,992
Mar 97	115.20	114.50	114.90	—0.10	1,430
Est. sales N.A. Thu's. sales 2,070					
Thu's open int 18,658 off 778					
Metals					
GOLD (NCMX) 100 troy oz.- dollars per troy oz.					
Sep 96			386.90	—1.40	2
Oct 96	388.90	387.20	388.30	—1.10	18,760
Dec 96	392.70	390.00	391.30	—1.10	74,992
Feb 97	394.20	393.00	393.90	—1.00	12,582
Apr 97	396.80	396.00	396.50	—1.00	5,869
Jun 97	400.00	400.00	399.20	—0.90	11,905
Aug 97			402.00	—0.80	3,575
Oct 97			404.80	—0.70	
Est. sales 23,000 Thu's. sales 17,284					
Thu's open int 160,885 up 706					
HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.					
Sep 96	97.20	91.40	96.50	+5.00	7,240
Oct 96	95.70	92.00	95.70	+4.50	1,781
Nov 96	93.20	91.90	95.65	+4.45	1,437
Dec 96	95.70	90.45	95.25	+4.55	24,292
Jan 97	90.60	90.20	94.55	+4.45	1,023
Feb 97			93.75	+4.25	796
Mar 97	92.20	89.20	92.95	+4.05	7,151
Apr 97			92.60	+4.05	459
May 97	89.40	89.30	92.25	+3.80	2,608
Est. sales 10,000 Thu's. sales 13,054					
Thu's open int 55,294 up 412					
SILVER (NCMX) 5,000 troy oz.- cents per troy oz.					
Sep 96	518.5	510.0	517.4	—0.1	4,850
Oct 96			519.7	—0.5	24
Dec 96	526.5	518.0	525.0	—0.5	60,442
Jan 97	525.0	525.0	528.1	—0.5	23
Mar 97	535.0	527.0	533.1	—0.4	9,758
May 97	537.0	537.0	538.3	—0.2	5,548
Jul 97			543.7	+0.1	4,388
Sep 97			549.1	+0.4	2,313
Est. sales 18,000 Thu's. sales 27,088					
Thu's open int 92,058 up 14					
PLATINUM (NMER) 50 troy oz.- dollars per troy oz.					
Oct 96	401.00	397.10	398.90	—1.70	18,315
Jan 97	402.00	399.50	401.30	—1.60	3,586
Apr 97	405.00	403.00	403.70	—1.50	3,548
Jul 97			406.50	—1.50	272
Oct 97			410.00	—1.50	
Est. sales 5,065 Thu's. sales 4,548					
Thu's open int 25,723 up 307					

LONDON METALS (LME) Dollars per metric ton

	Close		Previous	
Aluminum (High Grade)				
Spot	1478.00	1479.00	1462½	1463½
Forward	1511.00	1512.00	1496.00	1497.00
Copper Cathodes (High Grade)				
Spot	2100.00	2105.00	2003.00	2006.00
Forward	2035.00	2037.00	1957½	1958.00
Lead				
Spot	809.00	810.00	803½	804½
Forward	810.00	811.00	805½	806.00
Nickel				
Spot	7440.00	7460.00	7300.00	7310.00
Forward	7545.00	7550.00	7400.00	7405.00
Tin				
Spot	6245.00	6255.00	6155.00	6165.00
Forward	6290.00	6295.00	6215.00	6220.00
Zinc (Special High Grade)				
Spot	1010.00	1011.00	1003.00	1004.00
Forward	1035.00	1036.00	1028½	1029.00

	High	Low	Close	Chge	Opint
Financial					
US T. BILLS (CMER) $1 million- pts of 100 pct.					
Sep 96	94.91	94.83	94.85	—0.05	5,348
Dec 96	94.65	94.55	94.56	—0.10	3,198
Mar 97	94.39	94.33	94.33	—0.12	993
Est. sales 973 Thu's. sales 461					
Thu's open int 9,531 off 61					
5 YR. TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct					
Sep 96	105-08	104-23	104-255	— 13	85,888
Dec 96	104-265	104-07	104-10	— 145	77,479
Mar 97			103-31	— 145	
Est. sales 110,000 Thu's. sales 109,117					
Thu's open int 163,367 off 6289					
10 YR. TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct					
Sep 96	106-28	105-24	106-05	— 20	166,877
Dec 96	106-09	105-05	105-17	— 21	134,975
Mar 97	105-10	105-08	105-08	— 21	2,714
Est. sales 178,071 Thu's. sales 139,881					
Thu's open int 304,566 up 2403					
US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)					
Sep 96	108-09	106-31	107-10	— 26	207,432
Dec 96	107-25	106-11	106-25	— 27	225,367
Mar 97	107-10	106-05	106-12	— 27	8,728
Jun 97	106-25	105-29	105-31	— 26	2,452
Est. sales 515,000 Thu's. sales 504,800					
Thu's open int 444,452 off 11662					
LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct					
Sep96	107-09	106-29	107-00	— 0-10	74,455
Dec96	106-19	106-07	106-10	— 0-10	81,065
Mar97	N.T.	N.T.	105-22	— 0-10	0
Est. sales: 62,259. Prev. sales: 54,703					
Prev. open int.: 156,320 off 4,788					
Equity Products					
GERMAN GOVERNMENT BUND (LIFFE) DM250,000 - pts of 100 pct					
Sep96	97.39	97.12	97.18	— 0.20	139,181
Dec96	96.42	96.18	96.22	— 0.22	85,011
Mar97	95.40	95.25	95.27	— 0.22	1,019
					225,211
Est. sales: 145,007. Prev. sales: 186,050					
Prev. open int.: 225,211 up 25					

	High	Low	Close	Chge	Opint
10-YEAR FRENCH GOV. BONDS (MATIF) FF500,000 - pts of 100 pct					
Sep 96	123.38	122.96	123.14	+0.18	166,007
Dec 97	121.96	121.58	121.74	+0.12	53,039
Mar 97	121.80	121.52	121.64	+0.12	10,785
Jun 97	0.00	0.00	120.82	+0.18	13
Est. volume: 142,862. Open Int.: 229,844 off 7,545.					
ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct					
Sep96	115.90	115.41	115.51	— 0.07	45,403
Dec96	115.15	114.65	114.81	— 0.07	18,598
Mar97	N.T.	N.T.	114.31	— 0.07	0
Est. sales: 49,944. Prev. sales: 39,976					
Prev. open int.: 63,991 up 865					
EURODOLLARS (CMER) $1 million-pts of 100 pct.					
Sep 96	94.390	94.320	94.340	—50	364,039
Oct 96	94.240	94.170	94.180	—80	5,619
Nov 96	94.130	94.040	94.050	—90	1,874
Dec 96	94.050	93.920	93.940	—110	477,129
Mar 97	93.860	93.710	93.720	—130	316,938
Jun 97	93.690	93.490	93.540	—130	233,071
Sep 97	93.530	93.310	93.390	—130	186,864
Mar 00	92.770	92.660	92.660	—120	36,284
Est. sales 543,272 Thu's. sales 419,436					
Thu's open int 2,513,031 up 19907					
BRITISH POUND (CMER) 62,500 pounds, $ per pound					
Sep 96	1.5640	1.5554	1.5618	+38	50,843
Dec 96	1.5636	1.5556	1.5616	+38	2,888
Mar 97			1.5616	+38	9
Est. sales 13,239 Thu's. sales 5,027					
Thu's open int 53,732 off 754					
CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr					
Sep 96	.7322	.7309	.7314	—9	34,898
Dec 96	.7346	.7334	.7339	—8	14,061
Mar 97			.7363	—7	522
Jun 97	.7388	.7380	.7380	—6	688
Est. sales 6,599 Thu's. sales 7,921					
Thu's open int 50,341 up 1458					
GERMAN MARK (CMER) 125,000 marks, $ per mark					
Sep 96	.6784	.6745	.6762	—17	66,118
Dec 96	.6817	.6785	.6803	—17	7,409
Mar 97	.6850	.6840	.6850	—17	968
Jun 97			.6896	—17	10
Est. sales 14,339 Thu's. sales 16,973					
Thu's open int 74,505 up 151					
JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen					
Sep 96	.009256	.009198	.009200	—47	72,427
Dec 96	.009366	.009320	.009319	—47	7,530
Mar 97			.009445	—45	184
Est. sales 12,820 Thu's. sales 7,970					
Thu's open int 80,350 up 116					
SWISS FRANC (CMER) 125,000 francs, $ per franc					
Sep 96	.8396	.8311	.8337	—50	37,788
Dec 96	.8463	.8380	.8407	—50	3,595
Mar 97			.8485	—49	626
Est. sales 11,029 Thu's. sales 14,179					
Thu's open int 42,034 up 464					
3-MONTH EUROMARK (LIFFE) DM1 million - pts of 100 pct					
Sep96	96.84	96.82	96.83	Unch.	167,751
Dec96	96.79	96.77	96.78	— 0.01	228,670
Mar97	96.64	96.61	96.62	— 0.02	204,246
Jun97	96.41	96.37	96.39	— 0.02	146,289
Sep97	96.11	96.07	96.10	— 0.02	114,548
Dec97	95.78	95.74	95.75	— 0.02	74,438
Mar98	95.41	95.38	95.39	— 0.04	46,347
Jun98	95.07	95.03	95.04	— 0.04	34,967
Sep98	94.72	94.69	94.70	— 0.04	22,819
Dec98	94.40	94.37	94.38	— 0.04	21,382
Mar99	94.12	94.08	94.08	— 0.04	20,803
Jun99	93.82	93.79	93.79	— 0.04	11,259
Est. sales: 86,290. Prev. sales: 143,112					
Prev. open int.: 1,102,719 up 2,954					
3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct					
Sep96	94.26	94.25	94.26	Unch.	88,762
Dec96	94.28	94.25	94.26	— 0.01	114,243
Mar97	94.10	94.06	94.07	— 0.02	79,325
Jun97	93.73	93.69	93.71	— 0.01	57,707
Sep97	93.32	93.30	93.31	— 0.01	35,235
Dec97	92.97	92.95	92.96	— 0.01	27,479
Mar98	92.70	92.68	92.69	— 0.02	24,175
Jun98	92.51	92.48	92.49	— 0.02	16,070
Sep98	92.33	92.32	92.33	— 0.02	19,720
Dec98	92.20	92.17	92.17	— 0.04	11,282
Mar99	92.09	92.07	92.07	— 0.04	4,484
Jun99	91.98	91.97	91.97	— 0.04	2,461
Est. sales: 39,813. Prev. sales: 30,484					
Prev. open int.: 452,462 up 3,374					
3-MONTH PIBOR (MATIF) FF5 million - pts of 100 pct					
Sep 96	95.94	95.79	95.86	+0.10	51,856
Dec 96	95.84	95.75	95.77	+0.06	49,793
Mar 97	95.89	95.81	95.82	+0.06	37,193
Jun 97	95.79	95.75	95.74	+0.06	23,488
Sep 97	95.59	95.56	95.56	+0.07	15,444
Dec 97	95.35	95.32	95.33	+0.08	11,257
Mar 98	95.11	95.06	95.08	+0.06	9,331
Jun 98	94.89	94.85	94.85	+0.04	6,408
Sep 98	94.65	94.62	94.65	+0.06	4,289
Dec 98	94.40	94.37	94.40	+0.08	4,630
Mar 99	94.13	94.12	94.12	+0.05	8,576
Jun 99	93.88	93.86	93.86	+0.03	1,852
Est. volume: 89,709. Open int.: 224,117 up 3,080.					
3-MONTH EUROLIRA (LIFFE) ITL 1 million - pts of 100 pct					
Sep96	91.44	91.35	91.37	+ 0.01	47,498
Dec96	91.94	91.80	91.85	Unch.	48,174
Mar97	92.22	92.14	92.14	+ 0.01	34,272
Jun97	92.29	92.22	92.22	Unch.	17,532
Sep97	92.22	92.17	92.18	+ 0.01	9,394
Dec97	92.13	92.07	92.07	— 0.01	5,274
Est. sales: 31,158. Prev. sales: 27,736					
Prev. open int.: 152,364 up 4					
Industrials					
COTTON 2 (NCTN) 50,000 lbs.- cents per lb.					
Oct 96	76.40	75.25	76.00	—0.32	6,531
Dec 96	77.10	76.20	76.90	—0.16	29,580

	High	Low	Close	Chge	Opint
Mar 97	78.26	77.30	77.95	—0.38	8,339
May 97	78.90	78.50	78.75	—0.25	6,178
Jul 97	79.55	79.10	79.40		4,533
Oct 97	78.85	78.05	78.05	—0.15	980
Est. sales N.A. Thu's. sales 13,480					
Thu's open int 59,609 up 950					
HEATING OIL (NMER) 42,000 gal- cents per gal					
Aug 96	63.75	62.45	62.45	—1.22	7,946
Oct 96	63.95	62.85	63.00	—0.64	38,116
Nov 96	63.55	62.85	62.95	—0.49	15,926
Dec 96	63.35	62.60	62.80	—0.44	27,219
Jan 97	62.45	61.90	62.20	—0.29	13,942
Feb 97	60.60	60.25	60.50	—0.24	8,111
Mar 97	58.05	57.65	58.05	—0.04	4,221
Apr 97	55.25	55.00	55.25	—0.14	2,496
May 97	53.25	52.95	53.25	—0.09	1,723
Jun 97	52.20	52.00	52.18	—0.24	2,273
Est. sales 30,086 Thu's. sales 52,144					
Thu's open int 127,917 up 2938					
LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl.					
Oct 96	22.38	22.02	22.22	+0.07	84,468
Nov 96	21.84	21.58	21.78	+0.08	39,846
Dec 96	21.35	21.12	21.21	+0.08	45,551
Jan 97	20.91	20.72	20.78	+0.09	31,555
Feb 97	20.51	20.30	20.35	+0.05	22,984
Mar 97	20.15	19.94	19.97	+0.03	13,986
Apr 97	19.74	19.70	19.74	+0.11	11,527
Jun 97	19.25	19.12	19.20	+0.12	24,634
Aug 97	18.88	18.80	18.80	+0.10	5,208
Sep 97	18.62	18.62	18.62	+0.09	6,061
Nov 97	18.30	18.30	18.30	+0.11	5,850
Dec 97	18.20	18.12	18.15	+0.07	22,753
Oct 98	17.75		17.75	+0.10	108
Est. sales 23,860 Thu's. sales 81,953					
Thu's open int 371,755 up 7485					
NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu					
Oct 96	1.910	1.855	1.855	—52	32,701
Nov 96	2.046	2.010	2.010	—36	15,216
Dec 96	2.185	2.155	2.156	—24	16,339
Jan 97	2.235	2.208	2.215	—15	13,790
Feb 97	2.180	2.140	2.150	—15	7,615
Mar 97	2.090	2.060	2.075	—15	5,877
Apr 97	2.010	1.990	1.990	—30	4,076
May 97	1.985	1.950	1.950	—40	3,465
Jun 97	1.975	1.950	1.950	—35	3,353
Jul 97	1.975	1.955	1.960	—35	2,746
Aug 97	1.970	1.955	1.955	—30	2,949
Est. sales N.A. Thu's. sales 21,624					
Thu's open int 128,878 up 2165					
UNLEADED GASOLINE (NMER) 42,000 gal- cents per gal					
Aug 96	64.75	62.50	62.82	—0.90	7,232
Oct 96	62.50	61.25	61.61	—0.32	24,218
Nov 96	60.55	59.95	60.21	—0.09	8,672
Dec 96	59.25	58.75	59.16	+0.11	4,784
Jan 97	58.40	58.00	58.31	+0.16	4,865
Feb 97			57.76	+0.16	1,635
Est. sales 20,154 Thu's. sales 30,255					
Thu's open int 54,269 off 3386					
BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels					
Oct 96	21.00	20.64	20.78	+ 3.00	65,070
Nov 96	20.50	20.20	20.32	+ 9.00	23,686
Dec 96	20.08	19.80	19.91	+ 6.00	21,275
Jan 97	19.54	19.40	19.49	+ 4.00	13,702
Feb 97	19.23	19.02	19.10	+ 4.00	7,719
Mar 97	18.84	18.65	18.77	+ 9.00	7,405
Apr 97	18.45	18.45	18.45	+ 8.00	4,808
May 97	N.T.	N.T.	18.18	+ 7.00	1,734
June 97	17.80	17.80	17.94	+ 5.00	4,734
July 97	N.T.	N.T.	17.74	+ 5.00	880
Aug 97	N.T.	N.T.	17.57	+ 6.00	425
Est. sales: 27,451. Open Int.: 150,989 up 632					
GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons					
Sep 96	199.50	196.50	196.75	Unch.	21,214
Oct 96	196.25	193.50	193.75	—0.50	13,798
Nov 96	192.50	190.00	190.25	—1.00	9,545
Dec 96	189.50	187.50	187.75	—0.75	15,571
Jan 97	185.25	184.25	184.25	—0.75	6,373
Feb 97	180.25	179.50	179.25	—0.75	1,371
Mar 97	175.00	174.75	174.25	—0.75	2,607
Apr 97	171.00	169.75	169.25	—0.75	3,145
May 97	N.T.	N.T.	165.25	—0.75	1,226
Jun 97	N.T.	N.T.	162.25	—0.75	3,150
Jul 97	N.T.	N.T.	161.25	—0.75	58
Aug 97	163.50	161.00	161.25	—0.75	40
Est. sales: N.A. Open Int.: 78,206 off 956					
Stock Indexes					
S&P COMP. INDEX (CMER) 500 x index					
Sep 96	658.05	649.20	651.20	—5.95	163,683
Dec 96	663.80	655.00	657.35	—6.65	28,393
Mar 97	669.75	661.30	663.20	—5.85	2,087
Est. sales N.A. Thu's. sales 83,094					
Thu's open int 195,171 up 4517					
FTSE 100 (LIFFE) £25 per index point					
Sep96	3897.0	3882.0	3880.0	— 14.0	58,221
Dec96	3917.0	3900.5	3902.0	— 13.5	7,069
Mar97	3915.0	3915.0	3913.0	— 13.0	330
Est. sales: 15,172. Prev. sales: 15,185					
Prev. open int.: 66,620 up 515					
CAC 40 (MATIF) FF200 per index point					
Aug 96	1984.0	1968.5	1978.0	— 23.50	9,506
Sep 96	1989.0	1967.0	1973.0	— 34.00	27,924
Oct 96	1990.0	1981.0	1978.5	— 34.00	2,193
Dec 96	2000.0	1996.0	1991.0	— 34.00	5,439
Mar 97	0.00	0.00	2009.5	— 33.00	4,411
Sep 97	0.00	0.00	1990.5	— 34.00	5,170
Mar 98	0.00	0.00	2034.5	— 34.00	2,270
Est. volume: 44,979. Open int.: 56,913 off 4,795.					

Commodity Indexes

	Close	Previous
Moody's	1,515.40	1,535.30
Reuters	1,953.70	1,944.40
D.J. Futures	151.01	150.33
CRB	249.46	249.66

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Lloyd's Acceptances Allow It to Proceed With Recovery Plan

Compiled by Our Staff From Dispatches

LONDON — Lloyd's of London said Friday it had received enough support from investors for its £3.2 billion($4.98 billion) settlement offer to proceed with a restructuring aimed at keeping the 308-year-old insurance market solvent.

Lloyd's said that by Thursday night, 31,246 members, or 91 percent of the worldwide total, had accepted the settlement offer and added that the acceptance deadline had been extended to noon London time on Sept. 11.

The statement was the strongest indication yet from the insurer that its recovery plan would be successful. Other conditions still must be met before the entire package can go ahead, including British government approval.

The settlement offer, which was raised to £3.2 billion from £2.8 billion three months ago, is designed to soften the cost to its Names — the investors whose assets support Lloyd's — of setting up a reinsurance vehicle, Equitas, and ending their litigation.

The British government is likely to decide next week whether to approve the recovery plan. The success of the settlement offer is crucial to its decision.

"We're not quite at the destination yet," Lloyd's chairman, David Rowland, said at a news conference. "The key step is now possible to take, but there are two other steps to be taken."

Under its recovery proposals, Lloyd's aims to reinsure billions of pounds of liabilities under a new company, Equitas.

Equitas will first have to look at the financial package and say whether it finds it acceptable. It is expected to make that decision shortly.

The U.K. Department of Trade and Industry also must approve the recovery plan.

"The timing of that is not in our hands," said Mr. Rowland, who added he hoped the official moves would come as early as next week.

Mr. Rowland gave a detailed breakdown of the acceptances for the offer, saying that there had been 69.2 percent acceptance in the United States and 94.7 percent acceptance among British Names. "Clearly the general pattern is a very high level of acceptance," he said.

But, as the lower level of U.S. acceptances showed, there was still discontent among some Names over losses suffered as a result of the billions of pounds of claims that have plagued Lloyd's as a result of a series of natural disasters and other catastrophes since the 1980s.

(Reuters, AP)

Ousted Head Of Lonrho Fights Back

Reuters

LONDON — Roland (Tiny) Rowland, the deposed head of Lonrho PLC, launched a bitter attack Friday on the company he ran for three decades and the man who ousted him in a boardroom battle.

Mr. Rowland placed advertisements in British national newspapers to criticize the group's planned flotation of its Princess and Metropole hotels.

In a circular to Lonrho shareholders, he attacked the company's management and demanded a "substantial dividend" for investors who he said had been "locked in with a poor dividend and a poor share price." Lonrho did not immediately respond to requests for comment.

"Our company is no longer a growth stock," Mr. Rowland said. "No company of any significance has been added to the group in the last three years, and if the existing assets are to be further stripped, their value must return to the shareholders of Lonrho. Our geese may well all be swans, now that they are ticketed for the market, but shareholders must ensure they get at least the value of the goose."

Mr. Rowland, 78, was ousted in 1995 by Dieter Bock, who plans to spin off Lonrho's hotel and general trading interests.

Rexrodt Forecasts a Renewal

German GDP to Grow at Least 0.75%, He Says

Compiled by Our Staff From Dispatches

BONN — Economics Minister Guenter Rexrodt said Friday that gross domestic product would rise at least 0.75 percent this year, despite a 0.5 percent decline in the first quarter.

"We are convinced we will have growth of at least 0.75 percent," he said. "It will not be less, and I add with caution that there are signs that it could be more."

In the second half, GDP will grow at a 1 percent annual rate, Mr. Rexrodt said, "a clear rise" from the first half. Preliminary figures for second-quarter growth are to be released Thursday.

"For the second quarter," he said, "we can reckon on moderate growth. Several factors suggest that, exports apart, investment in capital goods will gradually pick up."

For 1997, Mr. Rexrodt maintained his forecast for growth of 2 percent to 2.5 percent.

"The German economy is back on the path of growth," he said.

But he acknowledged that he did not expect unemployment to ease much. In July, 3.91 million Germans were out of work.

The Finance Ministry said overspending by the Federal Labor Office was the reason the budget deficit was exceeding 60 billion Deutsche marks ($40.61 billion) this year. Officials have long said the deficit will exceed 3 percent of GDP this year.

"But the projection for 1997 sees it at well under 3 percent," one official said. That would place the deficit within the range required for the country to join the European single currency. But Rainer Veit, an economist at DB Research, a unit of Deutsche Bank AG, dismissed that projection as "overly optimistic."

Separately, the German building industry said it would cancel existing wage contracts for workers in East German states. An official of the industry association said East German companies could not afford to pay workers 1.85 percent more in September and to lift their salaries as of Oct. 1 to 95 percent of West German wages from 92 percent. *(AFX, Bloomberg, Reuters)*

Juppe Pledges a $3.95 Billion Tax Cut

Compiled by Our Staff From Dispatches

PARIS — Prime Minister Alain Juppe said Friday he would cut taxes by at least 20 billion francs ($3.95 billion) next year to try to stimulate the economy.

Details of the tax cuts are to be released Sept. 10, when the government presents its 1997 budget.

Mr. Juppe also said France would keep to its target of reducing its deficit to 4 percent of gross domestic product this year, even though its welfare deficit will be nearly three times as high as forecast, and to 3 percent of GDP by 1997, which would allow France to meet the Maastricht Treaty's criteria for joining in the single European currency.

Separately, the Labor Ministry said the number of unemployed fell 20,000 in July, to 3,046,000, but the unemployment rate remained at a record 12.5 percent. *(KRF/Global, AFX, Bloomberg)*

■ Italy's Economy Shrank in 2d Quarter

Italy's gross domestic product contracted 0.5 percent in the second quarter from the previous period but grew 0.5 percent from a year earlier, a worse performance than expected, according to preliminary figures, Bloomberg Business News reported from Milan. Analysts said the contraction would make it more difficult for Italy to qualify for European monetary union.

'This is not good news for public finances," said Ken Wattret, an economist at Banque Paribas Capital Markets in London.

Swissair's Net Loss Narrows

Compiled by Our Staff From Dispatches

ZURICH — Swissair posted a net loss for the first half Friday of 51 million francs ($42.6 million), narrowed from 86 million francs in the first half of 1995.

Falling air fares and growing losses at the carrier's Sabena Belgian World Airways partner undermined cost cuts at the Swiss flag carrier.

A spokesman also cited weak consumer spending, rising fuel prices and lower profits from aircraft sales as contributing to the loss.

Sales rose 11 percent, to 3.6 billion francs, despite the lower fares.

The Swiss airline that along with food-service and hotel operations makes up most of the company said flight operations were improving from losses estimated at 200 million francs in each of the previous three years.

"We will report a positive result for the full year," said Georges Schorderet, chief financial officer. "But our expectations will be reduced slightly."

Full-year results will be affected by lower-than-expected traffic figures, he said, adding that analysts' forecasts of net profit of between 150 million and 200 million francs were at the high end.

Swissair shares rose 7 francs, to 1,097. *(AP, Bloomberg, Reuters)*

Mobile Units Lift Spanish Telefonica

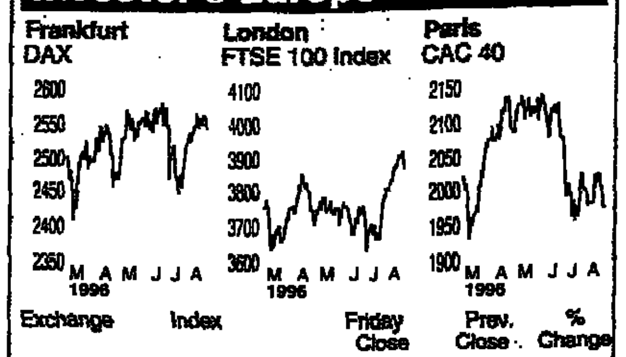
Bloomberg Business News

MADRID — Telefonica de Espana SA said Friday its first-half net profit rose 20 percent, as its mobile-phone business flourished and income from overseas units rose.

Net profit was 71.89 billion pesetas ($575 million), on the high side of forecasts, compared with 60.15 billion pesetas in the first half of 1995.

Analysts said the earnings showed Telefonica had been building its mobile-phone business quickly since the beginning of competition in Spain in October 1995.

Investor's Europe



Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	EOE	550.99	558.95	-1.42
Brussels	Stock Exchange	9,422.35	9,490.42	-0.72
Frankfurt	DAX	2,543.83	2,560.06	-0.63
Copenhagen	Stock Market	423.12	424.01	-0.21
Helsinki	HEX General	2,144.37	2,147.09	-0.13
Oslo	OBX	450.36	454.14	-0.83
London	FTSE 100	3,867.60	3,885.00	-0.45
Madrid	Stock Exchange	353.97	355.69	-0.48
Milan	MIBTEL	9,511.00	9,600.00	-0.93
Paris	CAC 40	1,970.61	1,977.56	-0.35
Stockholm	SX 16	2,085.56	2,103.80	-0.87
Vienna	ATX	1,039.93	1,038.48	+0.14
Zurich	SPI	2,342.99	2,361.03	-0.76

Source: Telekurs — International Herald Tribune

Very briefly:

• **Thyssen AG** said a Berlin court had rescinded an arrest order against Dieter Vogel, its chief executive, in relation to an investigation of fraud allegations because there were no fears Mr. Vogel would flee the country.

• **Russia**'s plans to double electricity prices for households Oct. 1 are not expected to push up inflation, as electricity payments account for only 0.1 percent of the consumer price index.

• **Spain** had a current-account deficit in June of 30.8 billion pesetas ($246 million), compared with a surplus of 9.9 billion pesetas in June 1995, the Bank of Spain said.

• **The European Union**'s annual inflation rate held steady at a 2.5 percent in July, the lowest since Eurostat began compiling the inflation data in 1983.

• **British Sky Broadcasting Group PLC**'s programming director, David Elstein, resigned to become chief executive of Channel 5 TV, Britain's fifth terrestrial commercial TV station, which begins service in January. Channel 5 is owned by **Pearson PLC, United News & Media PLC, Compagnie Luxembourgeoise de Telediffusion** and **Warburg Pincus**, a U.S. investment firm.

• **British Steel PLC** is holding talks with possible buyers for its forgings business, which makes supplies for the automotive and aerospace industries.

• **Sodra Cell AB** of Sweden plans to raise the price of pulp to $630 a ton in October from $580.

• **Axa SA** of France sold its 9.7 percent stake in Scor SA, France's largest reinsurance company and had a capital gain of 22.5 million francs ($4.4 million) on the transaction.

• **Elf Aquitaine** shares rose 2.80 francs, or 0.8 percent, to 368.80, on speculation that the French government was preparing to sell its remaining 9 percent stake in the energy company.

Bloomberg, AFX, KRF/Global, Reuters

The Trib Index

Closing prices.

Jan. 1, 1992 = 100.	Level	Change	% change	year to date % change
World Index	136.03	-1.12	–0.82	+3.15
Regional Indexes				
Asia/Pacific	125.43	-1.47	–1.16	–6.58
Europe	145.69	-1.31	–0.89	+4.68
N. America	140.14	-0.86	–0.61	+9.25
S. America	107.56	-0.04	–0.04	+20.80
Industrial Indexes				
Capital goods	145.98	-1.56	–1.06	+9.88
Consumer goods	146.22	-1.43	–0.97	+5.90
Energy	144.19	+0.13	+0.09	+6.32
Finance	116.88	-1.37	–1.16	–8.15
Miscellaneous	141.51	-1.18	–0.83	+4.20
Raw Materials	162.68	-1.21	–0.74	+14.72
Service	125.26	-0.69	–0.55	+4.38
Utilities	128.01	-0.25	–0.19	+0.68

The International Herald Tribune World Stock Index © tracks the U.S. dollar values of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. *Compiled by Bloomberg Business News.*

WORLD STOCK MARKETS

Friday, Aug. 30
Prices in local currencies.
Telekurs

Amsterdam

EOE index: 550.99
Previous: 558.95

	High	Low	Close	Prev.
ABN-AMRO	91.50	90	90.70	91.80
Aegon	82.70	81	81	83.60
Ahold	93.40	91.70	92.80	93.20
Akzo Nobel	193.80	191.50	192.90	195.20
Bols Wess cva	27	26.30	26.70	27.10
CSM cva	81	80.50	81	82.60
Dordtsche Pet	272.40	268.50	268.80	272.70
DSM	155.90	153	153	154.30
Elsevier	26.70	26.40	26.40	26.70
Fortis Amev	50.70	49.80	49.90	50.90
G-Broc cva	53.70	51.60	52	54.30
Hagemeyer	125.50	123.50	124	126.50
Heineken	373.90	369	369.20	374.50
Hoogovens	59.10	58.20	59	58.80
Hunt Douglas	117.60	114.50	116	116
ING Group	52.80	51.70	51.70	52.80
KLM	47	45.20	45.70	46.80
KNP BT	38.40	37.60	38.40	38
KPN	59.30	58.70	58.20	59.20
Nedlloyd Gp	39.70	39.20	39.50	39.60
Nutricia	222.90	220	222	225.30
Oce Grinten	172.10	170.50	170.80	172
Pakhoed	47.20	46.80	46.80	46.80
Philips Elec	56.50	55.90	56.10	56.60
Polygram	99.60	98.30	98.80	99.10
Randstad Hdg	126	124.10	124.60	126.80
Robeco	123.40	122.50	122.90	123.40
Rodamco	47.40	47.10	47.40	47.40
Rolinco	133.10	132.60	133.10	134.10
Rorento	97.70	97.50	97.50	97.60
Royal Dutch	250.20	247.30	248	250.90
Stork	50.20	49.20	49.70	50.40
Unilever cva	241	238	238.50	240.40
VNU	29.10	28.50	28.80	29
Wolters Kl cva	211.70	208.50	208.50	212.50

Bangkok

SET index: 1102.32
Previous: 1105.59

	High	Low	Close	Prev.
Adv Info Svc	334	320	332	332
Bangkok Bk F	322	318	320	318
Krung Thai Bk	108	107	108	110
PTT Explor	346	344	344	350
Siam Cement F	972	964	972	972
Telecomasia	46.50	46	46.50	46.50
Thai Airways	52.50	50	52.50	50.50
Thai Farm Bk F	268	264	268	268
Thai Teleph	45	44.50	45	44.75
Utd Comm	256	250	250	256

Bombay

Thursday, Aug. 29
Sensitive index: 3493.61
Previous: 3438.80

	High	Low	Close	Prev.
Assoc Cement	2180	2146	2159.75	2125
Grasim Ind	453	447	447.50	447.25
Hindalco Ind	1020	995	1006.25	1000
Indust Lever	851	845	850	842.75
Indian Hotels	790	785	785.25	791
ITC	292.75	286.75	289.75	285.25
Larsen Toubro	258	253.25	255	253.50
Reliance Ind	214.50	210.75	211	209
Tata Eng Loco	504	497.50	498.25	497
Tata Iron St	199.25	194.50	195	191

Brussels

Stock Exchange index: 9422.35
Previous: 9490.42

	High	Low	Close	Prev.
Arbed	3500	3450	3460	3465
Barco Ind	5340	5220	5230	5360
BBL	5950	5840	5900	5920
Bekaert	23200	22850	23050	23350
CBR	2320	2310	2310	2315
CMB	2490	2420	2435	2470
Cockerill	134	132	132	133
Colruyt	11275	11000	11100	11175
Delhaize Lion	1645	1630	1630	1650
Electrabel	6790	6690	6740	6790
Electrafina	2735	2705	2730	2725
Fortis AG	4320	4260	4250	4340
GIB	1360	1340	1346	1342
GBL	3830	3800	3805	3830
Gen Banque	11250	11150	11250	11200
Glaverbel	3350	3260	3320	3340
Kredietbank	9700	9630	9670	9620
Mosane	2355	2355	2355	2360
Petrofina	9620	9580	9600	9610
Powerfin	4670	4600	4600	4680
Recticel	270	270	270	267
Royale Belge	5890	5660	5660	5900
Soc Gen Belg	2395	2345	2380	2395
Solvay	17900	17825	17825	17900
Tessenderlo	11075	10925	10950	11000
Tractebel	13000	12850	12875	13025
UCB	59500	58600	58600	59450
Union Miniere	2350	2330	2345	2345

Copenhagen

Stock index: 423.12
Previous: 424.01

	High	Low	Close	Prev.
Carlsberg B	340	336	339	337.60
Danisco	324	319	322.60	323
Den Danske Bk	408	399	408	403
D/S Svendbrg A	N.T.	N.T.	N.T.	211000
D/S 1912 A	N.T.	N.T.	N.T.	143000
East Asiatic Co	116	113	114	114
FLS Ind B	651	640	650	640
ISS Intl Svc B	151	140	149	144
Novo Nordisk B	880	875	879	881
Radiometer B	361	354.29	355	359.40
Sophus Ber B	700	680.98	685	692
Tele Danmk B	283	276	282	275
Unidanmark A	258	251.70	253	257

Frankfurt

DAX: 2543.83
Previous: 2560.06

	High	Low	Close	Prev.
AMB	1145	1145	1140	1150
AEG	155.20	155	155	156
Allianz Hdg	2645	2618	2636	2671
Altana	1135	1120	1120	1140
Bodenwerk	560	540	560	560.50
BASF	44.25	43.92	44.08	44.17
Bayer Hypo Bk	41.90	41.65	41.90	41.94
Bay.Vereinsbank	49.58	49.20	49.45	50.15
Bayer	53.15	52.68	52.90	53.17
Berliner Kraft	421	420	421	418.20
BHF Bank	40.70	40.70	40.70	40.90
BMW	858	854	858	859
CKAG Colonia	121	120	120	120.70
Commerzbank	341.50	339	341.50	343.50
Daimler Benz	80.55	80.20	80.55	81.38
Degussa	523	518	523	520.10
Deutsche Bank	73.45	72.90	73.89	73.87
Dresdner Bank	40.38	40.25	40.35	40.80
Heidelbg Zmt	983	981	983	985
Henkel	60.85	60.40	60.85	60.90
Hochtief	70.50	69.70	70	70.10
Hoechst	51.90	51.57	51.90	52.05
Holzmann Ph.	378	367	367	378
Karstadt	525	520	520	525
Linde	922	917	920	918
Lufthansa ord	210.50	206.50	210.50	209.70
MAN	372.50	370.20	371	376
Mannesmann	535	532.50	534	531.50
Metro	140.50	138.40	140.50	138.60
Muench Rueck	3420	3390	3402	3445
Preussag	350	348.50	350	351.75
PWA	214	208	212.50	215.90
RWE	53.90	53.70	53.90	54.30
SAP pfd	246.50	244	246.50	247.50
Schering	108.50	107.70	108	108.65
Schmalb Lub	282.50	281	281	281
Siemens	78.26	78.07	78.20	78.42
Suedzucker	739.50	739.50	739.50	725
Thyssen	269.50	268	269	270.20
Veba	78	77.45	77.65	78.62
VEW	445	445	445	450
Viag	540	538.70	540	546
Volkswagen	550.50	548.50	550	549.50
Wella	870	862	862	877

Helsinki

HEX General index: 2144.37
Previous: 2147.09

	High	Low	Close	Prev.
Cultor 1	227	225	226	227
Enso R	38.20	37.90	38.20	38
Huhtamaki IF	172.60	172	172	173
Kesko	74	73	73.50	74
Kone BF	538	535	537	540
Merita A	9.59	9.46	9.48	9.54
Metra BF	237	237	237	237
Metso-Serla B	33.70	33.40	33.50	33.90
Nokia Prf F	191	187.80	190	190
Outokumpu A	85	83	84.50	84
Rautaruukki	38.80	38.20	38.80	38.40
Stockmann A	258	251	252	252
UPM-Kymmene	102.50	101.60	102.20	103
Valmet A	77.90	76	76.70	76.30

Hong Kong

Hang Seng: 11159.00
Previous: 11328.28

	High	Low	Close	Prev.
Amoy Props	9.10	8.95	9	9.20
Bk East Asia	28.15	27.95	28	28.10
Cathay Pacific	13	12.80	12.85	13
Cheung Kong	55.25	54	54.25	55.75
China Light	33.30	32.70	32.90	33.50
Chin Estates	7.05	6.90	6.90	7.05
Citic Pacific	34.20	33.90	34.10	34.20
Cons Elec Pwr	14.35	14	14.25	14.05
Dao Heng Bk	30.50	30.30	30.50	30.80
First Pacific	12.80	12.50	12.55	12.85
Great Eagle	22.85	22.30	22.40	23
Guangdong Inv	5.60	5.50	5.55	5.70
Guoco Group	36.70	36.60	36.70	36.60
Hang Lung	14.60	14.55	14.60	14.75
Hang Seng Bk	79.50	78.50	79.25	80
Henderson Inv	8.45	8.25	8.35	8.55
Henderson Ld	61	59.75	60.75	61.25
HKR Intl	9.80	9.70	9.75	9.80
HK Aircraft	19.55	19.40	19.45	19.50
HK China Gas	12.70	12.35	12.55	12.60
HK Electric	23.35	23.05	23.10	23.45
HK Shang Htls	13.50	13.35	13.35	13.60
HK Telecomm	13	12.90	12.95	13.15
Hopewell Hdgs	4.35	4.08	4.13	4.35
HSBC Hdgs	134.50	133.50	134	135.50
Hutchison Wh	47.10	46.70	46.70	47.20
Hysan Dev	24.25	23.80	23.90	24.45
Johnson El Hdg	17.30	17.20	17.25	17.40
Miramar Hotel	14.60	14.15	14.35	14.30
Nat Mutual	6.50	6.40	6.45	6.45
New World	37.70	37.30	37.50	38
Oriental Press	4	3.90	3.98	4
Shangri-La	10.10	10	10.10	10.15
SHK Props	76	75.25	75.50	76.75
Shun Tak Hdgs	4.55	4.45	4.55	4.60
Sino Land Co.	8.15	7.95	8.05	8.20
Sth China Post	5.55	5.35	5.45	5.55
Swire Pac A	69.50	68.25	68.75	70
Tsim Sha Tsui	9.90	9.80	9.80	9.95
TV Broadcasts	28.30	27.40	27.50	28.60
Wharf Hdgs	29.90	29.10	29.20	29.95
Wheelock	16.05	15.50	15.50	16.15

Jakarta

Composite index: 547.61
Previous: 550.03

	High	Low	Close	Prev.
Astra Intl	2375	2350	2375	2375
Barito Pacific	1475	1425	1450	1475
Gudang Garm	8675	8500	8600	8600
Indah Kiat	1900	1850	1900	1875
Indocement	N.T.	N.T.	N.T.	6960
Indofood	4775	4750	4750	4800
Indorayon	2050	2025	2025	2025
Indosat	7400	7325	7400	7375
Kalbe Farma	4325	4300	4300	4300
Sampoerna	22900	22500	22550	22600

Johannesburg

All Market: 6689.34
Previous: 6703.97

	High	Low	Close	Prev.
AngloAm Corp	273	268	272.50	270
AngloAm Gold	420	411	413	413.50
AngloAm Ind	167.50	164	166	167.50
Barlow	41.40	41	41.30	41.60
C.G. Smith	21.95	21.75	21.90	21.95
De Beers	140.25	137.25	139.75	138.50
Driefontein	58.25	57.25	57.50	58.75
Freegold	50.25	49.25	49.75	50
Fst Natl Bk	26.50	26.30	26.50	26.50
Gencor	15.85	15.50	15.80	15.80
GFSA	133	131	131	133.50
Iscor	2.70	2.65	2.69	2.69
Johnnies Ind	56.25	55.50	56	55.75
Kloof Gold	43	41.50	41.80	43.10
Liberty Life	132	131.50	131.50	134
Minorco	102.75	102	102.25	102.50
Nedcor	61.50	59.75	60.75	61.75
Rembrandt Gp	37.80	36.50	37.75	37.05
Richemont	68.25	67.25	67.50	68.50
Rust Platinum	76	73.75	75.25	75
SA Breweries	121.50	119	119	122
Sappi	43.30	42.45	43.20	43
Sasol	50	48.30	50	48.70
SBIC	173	170	172.50	172
Tiger Oats	56	56	56	56.25

Kuala Lumpur

Composite: 1118.57
Previous: 1110.49

	High	Low	Close	Prev.
Genting	18.50	18.20	18.40	18.50
Hicom Hldgs	7.05	6.90	6.95	7.05
Mal Banking	23.80	23.50	23.70	23.90
Mal Intl Ship F	7.75	7.50	7.60	7.55
Public Bank F	4.80	4.78	4.78	4.80
Resorts World	13.60	13.40	13.60	13.50
Sime Darby	8.55	8.30	8.45	8.35
Telekom Mal	22	21.50	22	21.60
Tenaga	9.20	9.05	9.05	9.20
Utd Engineers	17.80	17.50	17.70	17.80

London

FT-SE 100: 3867.60
Previous: 3885.00

	High	Low	Close	Prev.
Abbey Natl	6.01	5.89	5.91	6.08
Allied Domecq	4.65	4.57	4.60	4.69
Anglian Water	6.11	5.80	5.84	5.88
Arjo Wiggins	1.87	1.84	1.85	1.84
Asda Group	1.14	1.09	1.12	1.11
Assoc Br Foods	4	3.97	3.99	4
BAA	4.87	4.79	4.81	4.90
Barclays	9.25	9.08	9.09	9.13
Bass	8.38	8.30	8.32	8.45
BAT Ind	4.42	4.29	4.31	4.44
Bank Scotland	2.56	2.53	2.54	2.55
BICC	3.37	3.30	3.35	3.29
Blue Circle	3.85	3.67	3.69	3.85
BOC Group	8.72	8.65	8.68	8.68
Boots	6.27	6.22	6.24	6.33
Bowater	3.84	3.76	3.80	3.86
BPB Ind	3.64	3.55	3.58	3.67
Brit Aerosp	10.07	9.93	9.93	10
Brit Airways	5.38	5.22	5.26	5.25
Brit Gas	2.07	2.04	2.05	2.08
Brit Petm	6.22	6.17	6.21	6.27
Brit Steel	1.88	1.85	1.86	1.85
Brit Telecom	3.87	3.70	3.76	3.77
BTR	2.57	2.50	2.57	2.53
Burmah Cast	10.55	10.43	10.49	10.56
Cable Wireless	4.23	4.11	4.21	4.18
Cadbury Schw	5.17	5.10	5.13	5.15
Caradon	2.25	2.20	2.22	2.28
Carlton Comm	4.85	4.79	4.79	4.88
Coats Viyella	1.60	1.55	1.59	1.59
Comml Union	6	5.60	5.91	6.07
Courtaulds	4.37	4.26	4.30	4.38
De La Rue	6.45	6.35	6.40	6.32
EMI Group	14.70	14.30	14.41	14.49
Eng China Cl	2.60	2.50	2.53	2.55
Enterprise Oil	5.68	5.03	5.10	5.08
Fam Colonial	1.58	1.55	1.56	1.58
Genl Accident	6.75	6.55	6.58	6.75
GEC	3.97	3.77	3.86	3.80
GKN	10.57	10.48	10.51	10.61
Glaxo	9.27	8.18	9.19	9.26
Granada Gp	8.78	8.66	8.72	8.72
Grand Met	4.80	4.73	4.74	4.76
GRE	2.54	2.51	2.53	2.55
Guinness	4.82	4.73	4.79	4.77
GUS	6.60	6.49	6.52	6.59
Hanson	1.59	1.56	1.58	1.56
Hillsdown Hdg	1.85	1.82	1.84	1.82
HSBC Hldgs	11.15	10.96	10.96	11.28
ICI	8.26	7.80	8.08	8.05
Inchcape	3	2.95	2.98	2.96
Kingfisher	6.60	6.53	6.56	6.68
Ladbroke	2.12	2.07	2.09	2.11
Land Sec	6.85	6.78	6.82	6.89
Laporte	7.50	7.40	7.43	7.45
Lasmo	1.95	1.93	1.94	1.96
Legal Genl Grp	7.27	7.20	7.21	7.34
Lloyds Bank	6.13	5.91	5.98	5.98
Lloyds TSB Gp	3.76	3.68	3.75	3.80
London Elec	6.40	6.25	6.30	6.37
Lucas Ind	2.51	2.37	2.40	2.48
Marks Spencer	4.98	4.91	4.93	4.99
MEPC	4.37	4.32	4.35	4.41
Mercury Asset	9.86	9.80	9.80	9.83
Midlands Elec	4.25	4.25	4	4
Natl Power	4.05	4	4.03	4.04
NatWest	6.79	6.61	6.63	6.74
News Intl	3.76	3.76	3.76	3.75
Utd Utilities	6.13	6.06	6.06	6.11
Nthern Foods	2.05	2.02	2.03	2.03
P&O	5.18	5.12	5.14	5.19
Pearson	6.87	6.71	6.83	6.97
Pilkington	2.04	2	2.02	2.06
PowerGen	5.08	5.05	5.06	5.07
Prudential	4.45	4.31	4.33	4.41
Rank Org	4.59	4.46	4.48	4.70
Reckitt Colm	6.85	6.78	6.81	6.87
Redland	4.42	4.35	4.38	4.46
Reed Intl	11.55	11.45	11.49	11.57
Rentokil	4.13	4.08	4.09	4.14
Reuters Hdgs	7.42	7.43	7.47	7.72
RMC Group	10.97	10.73	10.77	11.13
Rolls Royce	2.25	2.21	2.22	2.24
Royal Bk Scot	4.91	4.85	4.87	4.97
RTZ reg	9.60	9.49	9.53	9.73
Royal & Sun All	4.09	4.04	4.07	4.11
Safeway	3.44	3.39	3.40	3.41
Sainsbury	3.92	3.88	3.90	3.90
Schroders	13.93	13.80	13.80	13.80
Scot Newcastle	6.78	6.69	6.77	6.72
Scot Power	3.08	3.03	3.07	3.05
Sears	0.98	0.95	0.97	0.97
Severn Trent	6.08		6.04	6.05
Shell Trsp reg	9.40	9.30	9.31	9.45
Siebe	9.28	9.13	9.16	9.38
Smith Nephew	1.95	1.93	1.94	1.95
Smith (WH)	5.15	5.03	5.11	5.05
SmithKline	7.59	7.45	7.49	7.53
Smiths Ind	7.60	7.55	7.58	7.56
Sthern Elec	6.78	6.68	6.72	6.73
Stand Charter	7.25	7.08	7.10	7.14
Tate & Lyle	4.63	4.60	4.61	4.65
Tesco	3.06	3.01	3.03	3.03
Thames Water	5.58	5.43	5.57	5.60
3i Group	4.74	4.70	4.72	4.76
TI Group	5.58	5.45	5.49	5.57
Tomkins	2.63	2.58	2.62	2.61
Unilever	12.75	12.25	12.70	12.90
Utd Biscuits	2.09	2.05	2.07	2.09
Utd News	7.19	7.14	7.17	7.28
Vendome uts	5.96	5.94	5.96	5.98
Vodafone	2.43	2.39	2.42	2.44
Whitbread	7.21	7.16	7.19	7.28
Williams Hdgs	3.56	3.50	3.54	3.53
Wolseley	4.65	4.60	4.62	4.66
Zeneca	15.40	15.15	15.30	15.26

Madrid

Bolsa index: 353.97
Previous: 355.69

	High	Low	Close	Prev.
Acerinox	14090	14000	14000	14150
ACESA	1350	1320	1340	1340
Argentaria	5200	5130	5170	5200
BBV	5280	5230	5260	5290
Banesto	812	804	811	806
Bankinter	14260	14100	14150	14240
Bco Central Hisp	2565	2530	2545	2550
Bco Exterior	2830	2830	2830	2840
Bco Popular	21760	21590	21780	21650
Bco Santander	6460	6380	6420	6440
CEPSA	3830	3790	3790	3860
Corp Mapfre	6160	6100	6100	6120
Dragados	1585	1570	1580	1580
Endesa	7480	7260	7290	7390
FECSA	930	920	922	927
Fomento Const	9990	9880	9880	9910
Gas Natural	24690	24000	24000	24250
Hidrol Cantab	4050	4020	4020	4045
Iberdrola	1140	1125	1130	1135
Pryca	3065	3020	3030	3040
Repsol	4130	4065	4065	4110
Sevillana Elec	1025	999	1005	1015
Tabacalera	5210	5030	5100	5160
Telefonica	2355	2305	2325	2320
Union Fenosa	766	753	759	763
Valenc Cement	1375	1370	1375	1375

Manila

PSE index: 3228.71
Previous: 3215.79

	High	Low	Close	Prev.
Ayala A	19.50	19	19.50	19.25
Ayala Land	34	33	33.50	33.50
Manila Elec A	106	105	106	106
Metro Bank	625	615	625	620
Petron	10.75	10.50	10.50	10.50
Phil Long Dist	1590	1585	1585	1585
San Miguel A	41.50	40.50	41.50	40.50
San Miguel B	85.50	85	85.50	84
SM Prime Hdg	6.40	6.20	6.30	6.40

Mexico

Bolsa index: 3385.47
Previous: 3334.96

	High	Low	Close	Prev.
Alfa A	33.80	32.40	33.45	33.45
Cemex B	32.00	31.00	31.50	31.90
Cifra C	11.90	11.66	11.66	12.02
Empresas ICA	113.00	111.00	113.00	114.00
Emp Moderna	38.70	38.15	38.15	38.90
Femsa	23.10	22.50	22.90	23.10
Gpo Carso A1	35.20	34.60	34.70	35.70
Televisa CPO	115.00	113.00	114.70	115.10
TelMex L	12.46	12.28	12.40	12.48
Tribasa	18.80	17.80	18.70	18.30

Milan

MIBtelematico: 9511.00
Previous: 9600.00

	High	Low	Close	Prev.
Alleanza Assic	11425	11300	11330	11420
Bca Comm Ital	2910	2860	2870	2905
Bca Naz Agricol	815	802	815	807
Bca Naz Lavoro	11070	11000	11000	10985
Bca di Roma	1222	1187	1200	1214
Bco Ambrosiano	3455	3330	3350	3415
Benetton	17050	16150	16150	16830
Credito Italiano	1778	1748	1755	1767
Fiat	4700	4600	4680	4695
Fondiaria	5950	5800	5830	5940
Generali Assic	33650	33100	33450	33700
IFIL	3690	3615	3680	3700
Italcementi	10400	10080	10080	10150
Italgas	5295	5160	5160	5285
Mediobanca	8270	8050	8050	8145
Montedison	983	965	967	985
Olivetti	804	788	788	791
Pirelli	2565	2520	2520	2555
RAS	13200	13005	13010	13280
Rinascente	9480	9000	9000	9280
S Paolo Torino	9700	9460	9600	9700
SME	N.T.	N.T.	N.T.	2400
Snia	N.T.	N.T.	N.T.	14000
Stet	4850	4780	4800	4865
Telecom Italia	3005	2940	2965	3000
Toro Assic	16450	16250	16300	16350

Montreal

Industrials index: 2361.85
Previous: 2361.36

	High	Low	Close	Prev.
Alco I	19.90	19.80	19.90	19.90
Bank Montreal	32.70	32.55	32.60	32¾
Bce Mob Com	40½	40½	40½	40½
Cdn Tire A	16.40	16¼	16.40	16.35
Cdn Util A	28.60	28.55	28.55	28.65
Cascades	6.05	5.95	6.05	6.05
CT Finl Svc	29¼	28¾	29¼	28¾
Extendicare	15¼	15¼	15¼	15½
Gaz Metro	15.70	15.55	15.70	15½
Gt-West Lifeco	35¼	35½	35½	35½
Hees Intl Bcp	16.30	16.20	16¼	16¼
Hudsons Bay	20.20	20	20.05	20.10
Imasco	27.10	26.90	26.90	26.90
Investors Grp	19.15	19.15	19.15	19.15
Loblaw Cos	11.50	11.45	11.50	11.45
Molson A	21	20.95	21	20.90
Natl Bk Canada	11¼	11.45	11½	11¼
Oshawa A	21¼	21.10	21.10	21.10
Pancdn Petlm	N.T.	N.T.	N.T.	48.20
Power Corp	24.35	24	24.35	24¼
Power Finl	40.40	40	40.35	40½
Quebecor B	21.30	21.20	21¼	21¼
Rogers Comm B	10	9.85	9.90	10.20
Royal Bk Cda	34.60	34.35	34.35	34.55
Sears Canada	8	7.90	7.90	7.90
Shell Cda A	46½	46½	46½	46.40
Southam	16.40	16.40	16.40	16.35
Stelco A	6.55	6½	6.55	6.55
Trilon Finl A	5.60	5.60	5.60	5.65

Oslo

OBX index: 450.36
Previous: 454.14

	High	Low	Close	Prev.
Aker A	128	126	126.50	128
Bergesen Dy B	133.50	132	133	133
Christiania Bk	16.20	16.10	16.10	16.20
Den norske Bk	21	20.60	20.60	21.20
SAS Norge ASA	62.50	62	62	62.50
Dyno Indust	146	145	146	147
Elkem	92	90.50	91	92.50
Hafslund A	47	46.50	47	47
Kvaerner	230	228	228.50	228
Leif Hoegh	111	108	111	109
Norsk Hydro	298	293	294.50	308
Norske Skog A	198	197	197.50	201.50
Orkla	355	351	354.50	355
Rieber B	136	136	136	135
Saga Petrm B	88.50	86.50	88.50	87
Schibsted	93	93	93	94
UniStorebr A	35.60	35.50	35.50	35.70

Paris

CAC-40: 1970.61
Previous: 1977.56

	High	Low	Close	Prev.
Accor	619	610	613	612
AGF	131.90	130	131	131.50
Air Liquide	867	853	862	864
Alcatel Alsth	396	389.10	392	390.80
Axa	287.90	283.70	284.20	287.30
Bancaire	507	499.40	501	509
BNP	183.20	179.20	182.40	180.70
Bouygues	500	492.50	492.50	499.40
Canal Plus	1170	1151	1160	1156
Carrefour	2582	2544	2559	2570
CCF	236.50	232	232.70	235
Credit Local cl	421	413	417	417
Credit Lyon PC	113.80	108	111.60	107.80
Crown Cork Seal	237.30	237.30	237.30	245
Danone	705	698	699	702
Elf-Aquitaine	371.50	364	368.80	366
Eridania BS	722	710	712	724
Euro Disney	11.45	11.20	11.45	11.30
Eurotunnel uts	8.15	7.95	8.05	8.05
Gen. Eaux	489.90	485.60	488.40	488
Havas	340.80	337.10	340	339.30
Lafarge Cop	286.40	280	280	283.40
Legrand	775	755	757	775
L'Oreal	1607	1555	1582	1600
LVMH	1088	1067	1067	1088
Lyon. Eaux	445.50	441	443.80	445.10
Michelin B	239.90	235.20	236.60	237.50
Navig Mixte	723	721	723	722
Paribas A	318.50	315	318.30	318.70
Pechiney SA	214	212	212	212
Pernod Ricard	309	305.10	306.80	306.10
Peugeot Cit	586	575	580	582
Pinault-Print	1659	1605	1623	1658
Promodes	1261	1222	1228	1262
Renault	115	110.10	112.30	112.40
Rh-Poulenc A	133	131.40	132.70	131.70
Roussel-Uclaf	1185	1166	1176	1185
Sanofi	400	396	400.20	397.50
Schneider	227.80	223.20	225.80	227.70
Ste Generale	562	553	557	562
St Gobain	632	623	627	626
St Louis	1200	1170	1180	1186
Suez	182.20	180.10	181.70	181.30
Thomson CSF	143.30	139.90	140.30	141
Total B	375	369.60	372.50	370.20
UAP	102	100.10	101.80	101
Valeo	256	252.20	255	254

São Paulo

Bovespa index: 62869.90
Previous: 62780.30

	High	Low	Close	Prev.
Bco Brasil Pfd	10.20	9.710	9.90	9.90
Banespa Pfd	3.20	3.00	3.10	3.10
Bradesco Pfd	8.70	8.451	8.65	8.45
Brahma Pfd	647.00	645.00	645.00	650.00
Cemig Pfd	30.60	30.30	30.60	30.50
CESP Pfd	31.49	31.49	31.49	30.99
Eletrobras B	274.00	269.00	274.00	270.00
Itaubanco Pfd	420.00	417.00	420.00	416.00
Light	290.00	285.01	290.00	285.03
Paranapan Pfd	6.81	6.80	6.80	6.90
Petrobras Pfd	124.50	120.00	124.50	121.50
Sid Nacional	23.45	23.00	23.40	23.35
Souza Cruz	7.15	7.10	7.15	7.14
Telebras Pfd	76.20	74.51	76.10	76.50
Telesp Pfd	196.00	191.50	195.00	196.00
Usiminas Pfd	1.06	1.04	1.05	1.04
CVRD Pfd	19.75	19.45	19.70	19.75

Seoul

Composite index: 782.87
Previous: 766.16

	High	Low	Close	Prev.
Daewoo Heavy	6410	6300	6410	6350
Hyundai Eng	31400	30300	31100	30200
Hyundai Motor	31300	30500	31000	30900
Korea El Pwr	25000	24300	25000	24200
Korea Mob Tel	568000	539000	560000	539000
LG Electronics	15400	15000	15300	15200
Pohang Iron St	48900	47200	48900	47900
Samsung Elec	64000	61700	63800	61200
Samsung Hvy	10900	10700	10800	10800
Yukong	21500	21200	21300	21400

Singapore

Straits Times: 2153.54
Previous: 2162.65

	High	Low	Close	Prev.
Cerebos Pac	11.80	11.60	11.70	12
City Devits	11.90	11.60	11.70	11.70
Cycle Carriage	13.70	13.20	13.50	13.60
Dairy Farm Int *	0.79	0.79	0.79	0.80
DBS	9	8.95	8.95	8.95
DBS Land	4.74	4.68	4.68	4.74
Fraser & Neave	14.30	14.10	14.20	14.30
HK Land *	2.28	2.26	2.27	2.28
Hong Leong Fin	N.T.	N.T.	N.T.	3.50
Jard Matheson *	6.35	6.30	6.30	6.50
Jard Strategic *	3.22	3.18	3.20	3.26
Keppel	10.70	10.40	10.70	10.40
Natsteel	2.35	2.30	2.33	2.30
Neptune Orient	1.28	1.25	1.25	1.28
OCBC foreign	16.90	16.50	16.90	16.70
O'Sea Union Bk	6.45	6.45	6.45	6.45
Sembawang	6.55	6.50	6.50	6.60
Sing Airlines F	15	14.70	14.90	14.90
Sing Petm	1.80	1.80	1.80	1.80
Sing Press F	24.50	24.30	24.40	24.50
ST Auto F	2.87	2.85	2.86	2.88
ST Ship	2.15	2.14	2.15	2.15
Sing Telecomm	3.38	3.30	3.38	3.36
Straits Steam	4.84	4.80	4.82	4.82
Utd Industrial	1.34	1.31	1.34	1.32
Utd O'Sea Bk F	13.50	13.40	13.50	13.50
Wing Tai Hdgs	3.04	3	3.02	3.02

*: In U.S. dollars.

Stockholm

SX 16 index: 2085.56
Previous: 2103.80

	High	Low	Close	Prev.
AGA BF	107.50	106	107.50	107
ABB AF	715	711	715	717
AssiDoman F	166.50	164.50	165	167.50
Astra AF	282	279	280	283.50
Atlas Copco AF	134	130	133.50	132
Avesta F	67	66.50	67	67.50
Electrolux BF	385	382	385	383
Ericsson BF	155.50	153.50	154.50	157
Hennes BF	688	683	688	685
Incentive AF	355	353	355	355
Investor BF	238.50	238	238	238.50
Kinnevik BF	186	184	185.50	185.50
MoDo BF	198.50	191.50	191.50	200
Sandvik BF	151	149.50	151	150
SCA BF	142	139.50	140.50	143
S-E Banken AF	56	55	55	55.50
Skandia Fors F	156.50	155.50	155.50	156.50
Skanska BF	251	247	248	251
SKF BF	155.50	152	155.50	153
SSAB BF	93.50	90	93	91
Stora AF	94	91	93	94.50
Sv Handles AF	136.50	135	135.50	136.50
Sydkraft AF	146.50	146.50	146.50	146
Trelleborg BF	87	85	87	86.50
Volvo BF	142.50	137.50	141	138

Sydney

All Ordinaries: 2268.70
Previous: 2279.30

	High	Low	Close	Prev.
Amcor	7.78	7.72	7.74	7.79
ANZ Bkng	6.68	6.61	6.61	6.71
BHP	17.40	17.20	17.22	17.40
Boral	3.04	3	3.04	3.03
Brambles Ind.	18.90	18.70	18.90	18.85
Burns Philp	1.90	1.85	1.87	1.91
CBA	10.95	10.85	10.90	11.03
CC Amatil	16.69	16.40	16.45	16.65
Coles Myer	4.43	4.40	4.40	4.42
Comalco	7.10	7.02	7.08	7.20
CRA Ltd	19.30	19.15	19.22	19.43
CSR	4.45	4.38	4.44	4.42
Fosters Brew	2.35	2.32	2.32	2.34
GIO Australia	3.16	3.12	3.13	3.17
Goodman Fld	1.32	1.31	1.31	1.33
ICI Australia	11.56	11.32	11.54	11.54
John Fairfax	2.66	2.63	2.66	2.68
Lend Lease	20.70	20.60	20.68	20.80
Mayne Nickless	8.50	8.29	8.47	8.40
MIM Hdgs	1.67	1.58	1.62	1.59
Nat Aust Bank	12.38	12.30	12.33	12.46
News Corp	6.76	6.65	6.74	6.75
North Ltd	3.77	3.73	3.77	3.78
Pacific Dunlop	2.74	2.72	2.74	2.74
Pioneer Intl	3.65	3.59	3.62	3.60
Placer Pacific	1.67	1.60	1.60	1.67
Santos	4.85	4.79	4.84	4.82
Southcorp	3.18	3.10	3.18	3.13
Wesfarmers	7.80	7.67	7.80	7.78
Wstrn Mining	8.90	8.77	8.80	8.94
Westfield Trt	2.33	2.32	2.33	2.33
Westpac Bking	6.21	6.15	6.21	6.22
Woodside Pet	7.60	7.51	7.51	7.60
Woolworths	2.85	2.80	2.85	2.85

Taipei

Stock Market index: 6309.82
Previous: 6312.43

	High	Low	Close	Prev.
Asia Cement	53	51.50	53	51.50
Cathay Life Ins	171	168	168	169
Chang Hwa Bk	160	158	158	159
China Steel	27.20	26.80	26.80	27
China Trust	52.50	51	51	51
Evergreen	50.50	49.50	49.50	49.50
Far East Text	31.20	30.70	30.70	30.50
First Bank	166	163	163	165
Formosa CF	34.20	33.20	33.20	33.70
Hua Nan Bk	135.50	132.50	134	134.50
Hualon Teijran	24.20	23.40	24	23.40
ICBC	86	84.50	85	85.50
President Ent	42	41.30	41.60	41.50
Taiwan Cemt	56.50	55.50	55.50	56
Tatung	60.50	60	60	60

Tokyo

Nikkei 225: 20166.98
Previous: 20553.28

	High	Low	Close	Prev.
Ajinomoto	1170	1130	1150	1170
All Nippon Air	1110	1090	1090	1110
Asahi Bank	1210	1190	1210	1200
Asahi Chem	734	723	730	737
Asahi Glass	1210	1190	1210	1210
Bk Tokyo Mitsu	2220	2190	2210	2220
Bk Yokohama	895	880	883	895
Bridgestone	1820	1760	1780	1830
Canon	2020	1990	2020	2010
Chiba Bank	860	855	860	864
Chubu Elec	2430	2400	2400	2420
Chugoku Elec	2310	2290	2290	2310
Daiei	1110	1070	1090	1120
Daiichi Kang	1820	1800	1800	1830
Daiwa Bank	709	706	706	710
Daiwa House	1560	1540	1550	1560
Daiwa Sec	1230	1210	1230	1230
Fanuc	4000	3950	3970	4000
Fuji Bank	2020	1990	2000	2020
Fuji Photo	3270	3170	3270	3270
Fujitsu	992	970	979	976
Hitachi	1000	984	998	989
Honda Motor	2530	2500	2510	2540
IBJ	2310	2290	2310	2320
IHI	505	498	500	509
Itochu	669	655	659	677
Ito-Yokado	5780	5690	5730	5780
JAL	815	800	810	802
Jusco	3260	3220	3220	3260
Kajima	981	960	974	987
Kansai Elec	2420	2390	2420	2400
Kao	1330	1290	1290	1330
Kawa Steel	371	365	365	371
KDD	10900	10300	10900	10600
Kinki Nipp Ry	765	760	765	762
Kirin Brewery	1140	1120	1120	1160
Kobe Steel	288	285	285	287
Komatsu	946	925	929	950
Kubota	660	636	638	656
Kyocera	7400	7320	7380	7360
Kyushu Elec	2340	2300	2330	2340
LTCB	749	730	742	750
Marubeni	534	523	528	534
Marui	2190	2120	2130	2200
Matsu Elec Ind	1850	1810	1830	1850
Matsu Elec Wk	1090	1080	1080	1090
Mitsubishi	1220	1190	1210	1240
Mitsubishi Ch	469	453	456	460
Mitsubishi El	697	685	697	696
Mitsubishi Est	1350	1330	1330	1350
Mitsubishi Hvy	863	853	859	868
Mitsubishi Mat	895	886	886	896
Mitsubishi Tr	1640	1580	1630	1610
Mitsui	925	915	917	921
Mitsui Fudosn	1350	1320	1340	1350
Mitsui Trust	1100	1070	1090	1090
Murata Mfg	3850	3790	3840	3880
NEC	1170	1160	1160	1180
New Oji Paper	885	877	882	881
Nikko Sec	1100	1080	1080	1100
Nintendo	6570	6500	6510	6600
Nipp Credit Bk	377	375	375	376
Nipp Express	961	950	957	970
Nippon Oil	680	665	665	678
Nippon Paper	651	637	650	649
Nippon Steel	346	340	344	342
Nippon Yusen	580	571	574	582
Nippondenso	2240	2190	2240	2240
Nissan Motor	824	803	813	830
NKK	292	286	287	291
Nomura Sec	1900	1860	1890	1890
NTT	7800a	7700a	7710a	7820a
Obayashi	912	902	902	912
Odakyu El Ry	707	700	702	703
Ono Pharm	3580	3560	3560	3570
Osaka Gas	376	368	374	377
Ricoh	1080	1060	1060	1090
Sakura Bk	1040	1030	1030	1030
Sankyo	2730	2680	2700	2730
Sanwa Bank	1950	1920	1920	1950
Sanyo Elec	567	552	560	569
Secom	6950	6890	6950	6990
Seibu Rwy	5680	5560	5560	5460
Sekisui House	1160	1140	1150	1150
Seven-Eleven	6660	6500	6540	6650
Sharp	1740	1720	1720	1740
Shimizu	1040	1000	1010	1060
Shin-etsu Ch	1920	1900	1920	1930
Shizuoka Bk	1220	1200	1210	1200
Sony	6860	6810	6820	6880
Sumitomo	917	896	917	909
Sumitomo Bk	1990	1950	1990	2000
Sumit Chem	491	472	472	491
Sumitomo Elec	1460	1440	1440	1450
Sumit Metal	312	307	307	310
Sumit Trust	1290	1260	1290	1290
Taisei	693	681	689	696
Taisho Pharm	2220	2180	2180	2220
Takeda Chem	1900	1870	1880	1880
TDK	6310	6260	6260	6310
Tohoku El Pwr	2340	2320	2340	2330
Tokai Bank	1310	1280	1290	1300
Tokio Marine	1250	1230	1240	1250
Tokyo El Pwr	2670	2630	2650	2650
Tokyo Gas	365	361	362	362
Tokyu	719	703	714	729
Tonen	1480	1450	1450	1490
Toppan Print	1390	1360	1370	1400
Toray Ind	685	671	677	691
Toshiba	711	702	702	709
Toyo Seikan	3630	3480	3490	3670
Toyo Trust	949	920	941	955
Toyota Motor	2640	2570	2620	2650
Yamaichi Sec	660	641	660	663
Yamanouchi	2250	2240	2240	2250
Yasuda Fire	726	692	708	725
Yasuda Trust	555	540	543	555

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Toronto

TSE Industrials: 5143.43
Previous: 5162.83

	High	Low	Close	Prev.
Abitibi Price	18.70	18.30	18.40	18.65
Air Canada	4.89	4.80	4⅞	4.80
Alberta Energy	25¼	25.10	25¼	25¼
Alcan Alum	43.35	42.70	43.20	43.30
Avenor A	23.60	23.40	23½	23½
Bk Nova Scotia	34	33¾	33.90	34
Barrick Gold	37.35	36.80	36.95	37.40
BCE	54.15	53.90	54	54
BC Telecomm	28.15	27¾	28	27.95
Bombardier B	19.30	19.20	19.30	19.30
Brascan A	26¼	25¾	26¼	26.20
Cameco	68½	67½	68.30	69
CIBC	46	45.60	45.65	45.90
Cdn Airlines	1.90	1.85	1.90	1.90
Cdn Nat Res	28.20	27.85	28.05	27.90
Cdn Occid Pet	22.85	22.70	22¾	22.80
Cdn Pacific	30.90	30.60	30.65	30.95
Cominco	30.70	30.60	30.70	30.70
Consumers Gas	21.90	21.80	21.90	21¾
Dofasco	21.20	20.95	20.95	21.15
Doman Ind B	8.85	8.85	8.85	8.85
Du Pont Cda A	30	29.45	29.70	29.65
Echo Bay Min	13¾	13.55	13.60	13.85
Empire Co. A	13.10	13.10	13.10	13¼
Falconbridge	30	29.35	29.90	29.80
Fletcher Chall A	19¾	19.40	19.45	19.55
Franco Nevada	48	45½	46	48½
Guardian Cap A	N.T.	N.T.	N.T.	9.10
Horsham	18.10	18.05	18.10	18.10
Imperial Oil	59.10	58.60	59.10	58.90
Inco	44.10	43.55	44.10	43.80
IPL Energy	36.40	36.10	36¼	36.35
Laidlaw A	13	12.90	13	13
Laidlaw B	13.20	12.95	13.20	13
Loewen Group	40.10	39.90	40.05	40
Ldn Insur Gp	31	30.85	30.90	30.85
Macmill Bld	19.85	19.60	19.70	19.90
Magna Intl A	66.70	65.70	66	65.80
Maple Leaf Fds	8	7.85	7.85	7.90
Moore	24.20	24	24.15	24.15
Newbridge Net	80	78.10	78.65	79¼
Noranda Inc	28.85	28.60	28.85	28¾
Noranda Forest	9	8.95	9	9.05
Norcen Energy	24.85	24.70	24.85	24.80
Nthern Telecom	69	68.40	68½	69¼
Nova	12¾	12.15	12.15	12¾
Onex	14.35	14.30	14.35	14.35
Placer Dome	33.10	32.60	33	33.05
Potash Sask	104½	103½	103½	103½
Provigo	6.70	6.65	6.70	6.85
Quebecor Print	23.65	23.65	23.65	23.65
Renaissance	38.95	38½	38½	38.70
Rio Algom	27½	27½	27½	27.35
Seagram Co	45.70	45	45.20	45.65
Stone Consold	16¾	16.65	16¾	16¾
Talisman Eny	34.40	33¾	33.85	34.40
Teleglobe	23.95	23.85	23.85	23.90
Telus	18.80	18.70	18¾	18.60
Thomson	24.30	24.10	24.30	24.30
TorDom Bank	26.45	26.10	26.10	26.45
Transalta	15½	15.35	15.40	15.45
TransCda Pipe	22.10	21.85	21.85	21.85
Utd Dominion	29½	28½	29	29
Westburn	10.10	10	10.10	10
Westcoast Eny	21.85	21¾	21¾	21.80
Weston	53	50¾	53	50¾

Vienna

ATX index: 1039.93
Previous: 1038.48

	High	Low	Close	Prev.
Aust Airlines	1459	1459	1459	1550
Brau-Un Goess	630	614	630	620
Bund Vers Pfd	403	403	403	490
Creditanst Pfd	477	470.30	471	477
EA-Generali	2960	2920	2960	2929.95
EVN	1423	1407	1413.80	1420
Interunfall	1518	1518	1518	1518
Lenzing	657	651	657	665
Leykam	289	284	288.50	290
Mayr-Melnhof	489	472.05	489	478
OMV	1049	1020	1040	1035.50
Oest Brau	641	640	640	648
Oest Elektriz	759.10	755.05	755.40	755
VA Tech	1332	1305	1332	1333.50
Wienerberger	1950	1929	1945	1939.80

Wellington

NZSE-40 index: 2228.77
Previous: 2239.54

	High	Low	Close	Prev.
Air N Zeald B	3.19	3.17	3.18	3.18
Brierly Invt	1.45	1.43	1.44	1.44
Carter Holt ord	3.26	3.20	3.25	3.27
Fernz	4.40	4.38	4.38	4.41
Fisher Paykel	4.86	4.85	4.86	4.90
FC Forest	2.00	1.97	2.00	2.00
Goodman Fder	1.52	1.48	1.48	1.52
Indep News	5.60	5.55	5.60	5.55
Lion Nathan	3.83	3.80	3.83	3.83
Nat Gas note	2.16	2.15	2.15	2.16
NZ Refining	26.50	26.50	26.50	26.50
Telecom NZ	6.95	6.90	6.93	6.98
Wilson Horton	9.40	9.40	9.40	9.45

Zurich

SPI index: 2342.99
Previous: 2361.03

	High	Low	Close	Prev.
Adia B	338	335	338	336
Alusuisse R	945	938	941	942
Ares-Serono B	1270	1245	1260	1275
Baloise Hdg R	2595	2540	2550	2590
ABB B	1482	1472	1479	1483
BK Vision	1430	1410	1410	1425
Bobst B	1650	1630	1640	1659
Ciba Geigy R	1528	1515	1515	1530
CS Holdings R	127.75	124.50	124.50	128.25
Elektrowatt B	482	476	479	479
Fischer B	1210	1190	1198	1210
Hilti PC	882	860	882	870
Holderbank B	920	910	918	917
Jul. Baer Hdg B	1335	1323	1332	1329
Merkur Hdg R	218	205	218	208
Nestle R	1418	1405	1405	1414
Oerlikon R	123.50	121.75	121.75	123.50
Pargesa Hld B	1360	1350	1355	1360
PharmVisn B	5575	5455	5480	5475
Pirelli B	154	154	154	156
Roche Hdg PC	9225	9100	9145	9230
Sandoz R	1434	1420	1428	1436
SBC R	236.50	233	233.75	236.75
Schindler B	1185	1170	1178	1178
SGS B	2825	2750	2805	2760
SMH B	837	831	834	837
Sulzer R	754	747	753	754
Swiss Reins R	1306	1288	1297	1307
Swissair R	1102	1080	1097	1090
UBS B	1182	1163	1165	1180
Winterthur R	752	733	735	753
Zurich Assur R	337	328	330	336

gonna shake, you do it in another room!"

NYSE

Friday's 4 p.m. Close

Nationwide prices, not reflecting late trades elsewhere.
The Associated Press.

Continued on Page 14

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China Tightens Rules On Stock Market Data To Curb Speculation

Bloomberg Business News

BEIJING — China issued regulations Friday to tighten control over its fledgling stock markets, aiming to quell rampant speculation by reducing the flow of illicit information.

The new rules, which supersede three-year-old provisional regulations, will reduce risk, improve disclosure and hold underwriters accountable for the companies they take public, the China Securities Regulatory Commission said.

Foreign investors say poor disclosure, insider trading and price manipulation by local investors often make trading in Chinese securities into little more than a lottery.

Insider trading was formally banned in the regulations, and exchange officials are barred from taking jobs at listed companies or at brokerages where they could use privileged information to manipulate stock prices.

Chinese stock markets often gyrate wildly as traders and investors speculate about company results and central bank announcements, many of which circulate well in advance of their official release.

On Wednesday, Shanghai's stock indexes rose almost 2 percent and yields on China's benchmark three-year Treasury bond tumbled 120 basis points, or 1.2 percentage points, amid speculation the central bank was about to cut interest rates. The People's Bank of China announced the rate cut the following night.

"Most of the time in Shanghai, you get information before it's released," said Hoong Yik Luen, chief representative at J. M. Sassoon Securities. "That's the fun of being in an emerging market."

The new rules follow a package of measures announced in January that tightened control over companies seeking to sell shares to foreigners.

In a move intended to strengthen government control of the markets, the new regulations also stipulate that the State Council will select the head of the stock exchange. That selection was previously determined by a members' vote.

Disclosure will also be strengthened, with brokerages that underwrite a stock now responsible for ensuring that companies live up to promises made in a prospectus.

"When times are good and companies are making gains in profits, no one complains, and the CSRC gets very complacent," Mr. Hoong said.

"It's only in bad times that people start thinking about an improvement."

But Zhao Xiaoyun, a fund manager at China Guotai Securities Co. in Shanghai, responded, "If the economy and company fundamentals don't improve, there won't be market participation, so what's the point in having such regulations?"

Economic Doubts Weigh on Nikkei

Compiled by Our Staff From Dispatches

TOKYO — Japan's benchmark stock index plunged to a five-month low Friday, led by declines in shares of car and steel companies, amid concern that the country's economic growth has stalled.

"The recovery is much weaker than anyone expected," said Yoshio Inamura, a manager at Tokyo-Mitsubishi Asset Management Ltd. "There's nothing positive for the market. It can only be flat or sink."

The benchmark Nikkei 225 stock average fell 386.26 points, or nearly 2 percent, to 20,166.90, its lowest level since March 14. It was the index's biggest one-day decline since July 24.

But the economy got some good news that took the sting out of a gloomy business-confidence survey released earlier in the week, with data pointing to growth rather than recession.

Lower unemployment, higher construction orders, a surge in housing starts and a jump in industrial output helped erase the impact of a sharp drop in business confidence announced by the Bank of Japan on Wednesday.

"Overall, we can judge the Japanese economy is recovering, albeit at a slow pace," Sanwa Research Institute economist Dai Hakozaki said.

The management and coordination agency said the seasonally adjusted jobless rate stood at 3.4 percent in July, down from 3.5 percent the previous month, after two months of record highs.

(Bloomberg, AFP, Reuters)

Cut Car Fumes, Beijing Urged

Bloomberg Business News

BEIJING — A joint U.S.-China study recommended Friday that China mandate the use of emission-control devices on cars to help curb urban smog.

The report suggested the installation of catalytic converters on all new vehicles by 2005, the development of a small, low-emission diesel engine and nationwide availability of lead-free gasoline.

China's transition to Western levels of automobile emission controls will "take 10 years, working hard," said Dennis Schuetzle, director of research and technology at Ford Motor Co.'s China operations. Ford, which is contributing $1.5 million to an automotive-technology program, recommends that China make catalytic converters, using its abundant reserves of so-called rare earth metal rather than the platinum and other precious metals that are used abroad.

Chinese vehicle sales, including motorcycles and farm machinery, total about 11 million units a year.

The growing use of cars and other motor vehicles in China, coupled with industrial pollution, has led to a serious deterioration in air quality. In Shanghai, for instance, lead levels are at least twice the safety standard set by the World Health Organization, Mr. Schuetzle said.

Catalytic converters will be installed first in Shanghai, with the goal of fitting all new cars with the devices over the next year.

The city also plans to install converters on existing cars, Mr. Schuetzle said.

Ford Sticks to Its Plan For Venture on Vehicles

Reuters

BEIJING — Ford Motor (China) Ltd. said Friday that the steep fall in first-half profit at its Chinese partner, Jiangling Motors Corp., would not affect plans to introduce light commercial vehicles next year.

Jiangling Motors said this month that its net profit in the first six months of 1996 had tumbled 77 percent, to 3.39 million yuan ($406.6 million), because of a sluggish market. Ford has a 20 percent stake in the venture with Jiangling.

The Ford Motor Co. unit said a slight easing of credit by Beijing should help market conditions in the second half.

It indicates they want to put dollars into pollution control, "and they want to do it fast," said Vaughn Koshkarian, president of Ford Motor's division in China.

For the converters to work properly, cars must burn unleaded gasoline, a fuel now available in only a few cities, Mr. Schuetzle said.

China's biggest oil producer, Sinopec, controls about 85 percent of the gasoline market, so its near-monopoly could help speed the introduction of unleaded fuel.

Jiang Ying, a spokeswoman for the automotive department of China's Ministry of Machinery Industry, said the government initially wanted to ensure that all new cars came equipped with electronic fuel-injection systems.

Those systems will ease the introduction of catalysts, she said.

■ Small-Car Sales Get a Lift

China is abolishing local restrictions on the use of small passenger cars to try to combat protectionism by regional authorities and revive car sales, Reuters reported from Shanghai, quoting the Economic Daily News. The paper said state planners had issued a notice canceling restrictions by local governments on the use of economy cars.

Investor's Asia



Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	11,159.00	11,328.20	-1.49
Singapore	Straits Times	2,153.54	2,162.65	-0.42
Sydney	All Ordinaries	2,268.70	2,279.30	-0.47
Tokyo	Nikkei 225	20,166.90	20,553.16	-1.88
Kuala Lumpur	Composite	1,118.57	1,110.49	+0.73
Bangkok	SET	1,102.32	1,105.59	-0.30
Seoul	Composite Index	782.87	766.18	+2.18
Taipei	Stock Market Index	6,309.82	6,312.43	-0.04
Manila	PSE	3,220.71	3,215.79	+0.15
Jakarta	Composite Index	547.61	550.13	-0.46
Wellington	NZSE-40	2,228.77	2,239.54	-0.48
Bombay	Sensitive Index	3,514.61	3,493.61	+0.60

Source: Telekurs International Herald Tribune

Very briefly:

• **Amcol Holdings Ltd.**'s bondholders failed to persuade the Singapore High Court to delay naming three Price Waterhouse partners as judicial managers of the property developer and electronics distributor. Their appeal sought to block a rescue plan the managers had arranged with Sinar Mas of Indonesia.

• **Thailand**'s growth may reach only 7 percent this year, rather than the central bank forecast of 7.8 percent, the chairman of the Economic Stabilization Committee said, as export growth in the first seven months was well below expectations.

• **Hong Kong** lowered its growth forecast for 1996, to 4.7 percent from 5.0 percent, and its inflation forecast, to 6.8 percent from 7.5 percent, citing a drop in trade.

• **Vietnam**'s trade deficit was $3.25 billion for the eight months ended Aug. 10, compared with $2.3 billion for all of 1995. Hanoi cited high imports by foreign investors building factories.

• **Robert Kuok** applied to list his **Allgreen Properties Pte.** on the Stock Exchange of Singapore, according to the bank handling the application.

Reuters, Bloomberg, AP

Pirelli Joins Venture to Wire China

By Kevin Murphy
International Herald Tribune

HONG KONG — Pirelli SpA of Italy and CITIC Pacific Ltd., the Hong Kong arm of China's leading government-owned investment holding company, will jointly develop a power and telecommunications cable manufacturing and installation business in China, the two companies said Friday.

The joint venture will be Pirelli's first in China and its second in Asia, where the company's cable business hopes to derive 10 percent of its worldwide turnover, or about $500 million, within three years.

Asian sales represent only 6 percent of worldwide revenue at Pirelli Cables SpA, which contains the cable businesses of a company perhaps better known for its tires. Despite its smaller reputation, however, cable accounted for 51 percent of the company's $7 billion in revenue last year, while tires contributed the rest.

"We are not the first, but we want to be the best," said Giuseppe Morchio, chairman and chief executive of Pirelli Cables, referring to the company's bid to receive some of China's expected spending on infrastructure development in the next few years. "This is not just a joint venture in China but the first step in a strategy for the whole market."

Chinese telephone networks are expected to add 80 million to 100 million lines in the next five years alone. The joint venture, Tong Ling Cable Co., based in Wuxi, plans to supply as much as $60 million of copper and optical-fiber cables within a few years.

At the same time, China remains short of power, as its rapid growth has outstripped its ability to build power plants and other infrastructure.

Analysts said Pirelli had found a capable partner in CITIC Pacific. CITIC owns stakes in Cathay Pacific Airways Ltd. of Hong Kong, Hong Kong Telecommunications Ltd. and several infrastructure projects in Hong Kong and China, including four power plants.

CITIC, as a unit of China International Trust & Investment Corp., is answerable to China's State Council, which is in charge of allowing in businesses seeking to bring new technology into the country.

The new venture's initial capital will be about $30 million, executives said.

"This is our first industrial site in China, and there will be more," Mr. Morchio said. "We don't want to be exporting to Asia; we want to be manufacturing here."

Elsewhere in Asia, Pirelli Cables has formed a joint venture with Gaja Tunggal of Indonesia, which started out as a small bicycle-tire factory and now is a leading player in the country's tire and rubber industries.

In India, Pirelli is talking with potential joint-venture partners in its tire and cables businesses. If those talks succeed, Pirelli would have a position in each of Asia's three most populous markets.

Hyundai's Latin Plans

Bloomberg Business News

SEOUL — Hyundai Corp. said Friday it was planning $3.38 billion of projects in South America, in what would be South Korea's biggest investment in the region.

"We see great opportunities in emerging markets with abundant resources such as South America," said Song Ji Hyun, a spokesman for the conglomerate.

Hyundai said its South America projects would be in Brazil, Peru and Chile. They will include the construction of power plants, auto-assembly plants, railways and pipelines. It said the biggest investment would be in Brazil, where Hyundai intends to spend $1.7 billion, of which $500 million will be for a 5 percent stake in Compania Vale do Rio Doce, a state-run iron-ore mining company.

STORES: *Merchants With Fire and Flair Are Fading Into Memory*

Continued from Page 9

ising — people such as Adam Gimbel, Stanley Marcus and Mary Ann Magnin, whose names appeared above their stores' front doors.

Nor are there any big stars on the horizon like those who emerged in recent decades from department-store training schools and now head their own retail concerns, such as Allen I. Questrom, the chairman of Federated Department Stores; Leslie H. Wexner, who now runs Limited Inc.; Millard S. Drexler, chief executive of Gap Inc., and Rose Marie Bravo, president of Saks Fifth Avenue.

"In my mind, this is a huge issue in our industry that none of us are addressing," said Kirk Palmer, who runs his own retail-executive search firm.

"There is not a pipeline to develop talent any more, and when companies go looking for a chief merchant, there is no one there to replace them."

As a result, the excitement in retailing has shifted away from the traditional stores.

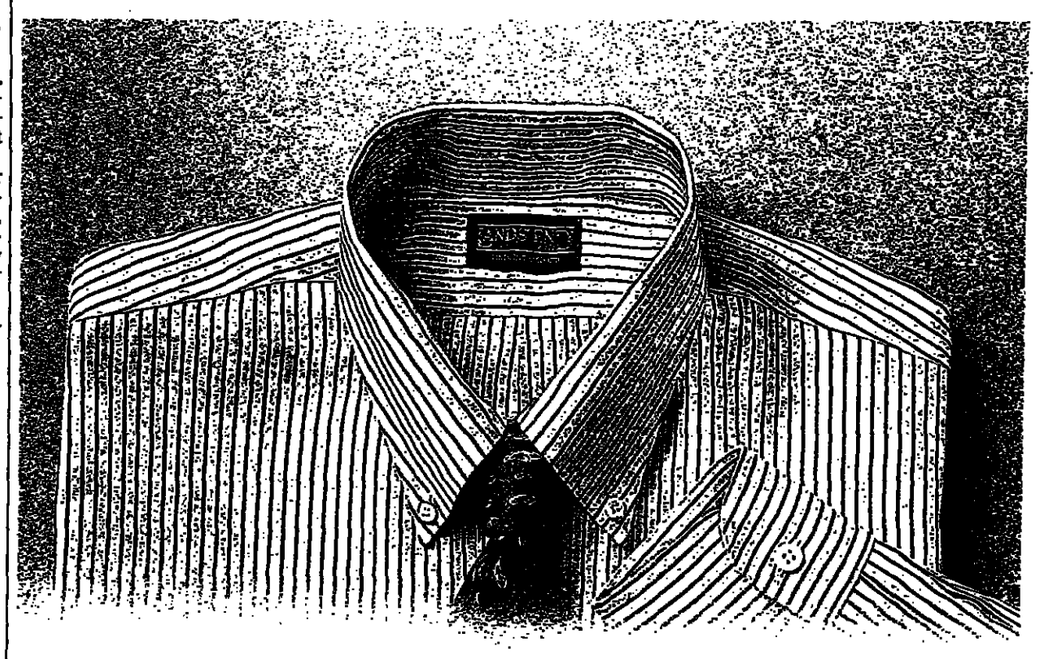
Mr. Drexler of Gap breathed new life into the chain by offering colorful basic fashions to shoppers of all ages. Gordon Segal brought smart buying to the housewares business at Crate & Barrel, a unit of Euromarket Designs.

Phil Knight, chairman of Nike, has moved from selling running shoes to creating lines of athletic wear to opening his huge Nike Town emporiums. Clothing designers such as Calvin Klein, Giorgio Armani and Donna Karan have gone into the business of opening their own stores.

Among retailers, a special wrath is reserved for Wall Street, where the desire for little more than a rich bottom line and expansive growth plans has made creativity take a back seat to accounts ledgers. Wall Street executives who have been content to wear the same three colors for the past century, or so the charge goes, do not want to hear complicated explanations of why ostrich-skin suits failed to fly out of the stores.

"You have to satisfy your owners, your numbers-crunchers," Mr. Loeb said, adding that financial professionals and merchants rarely had the same temperament or objectives.

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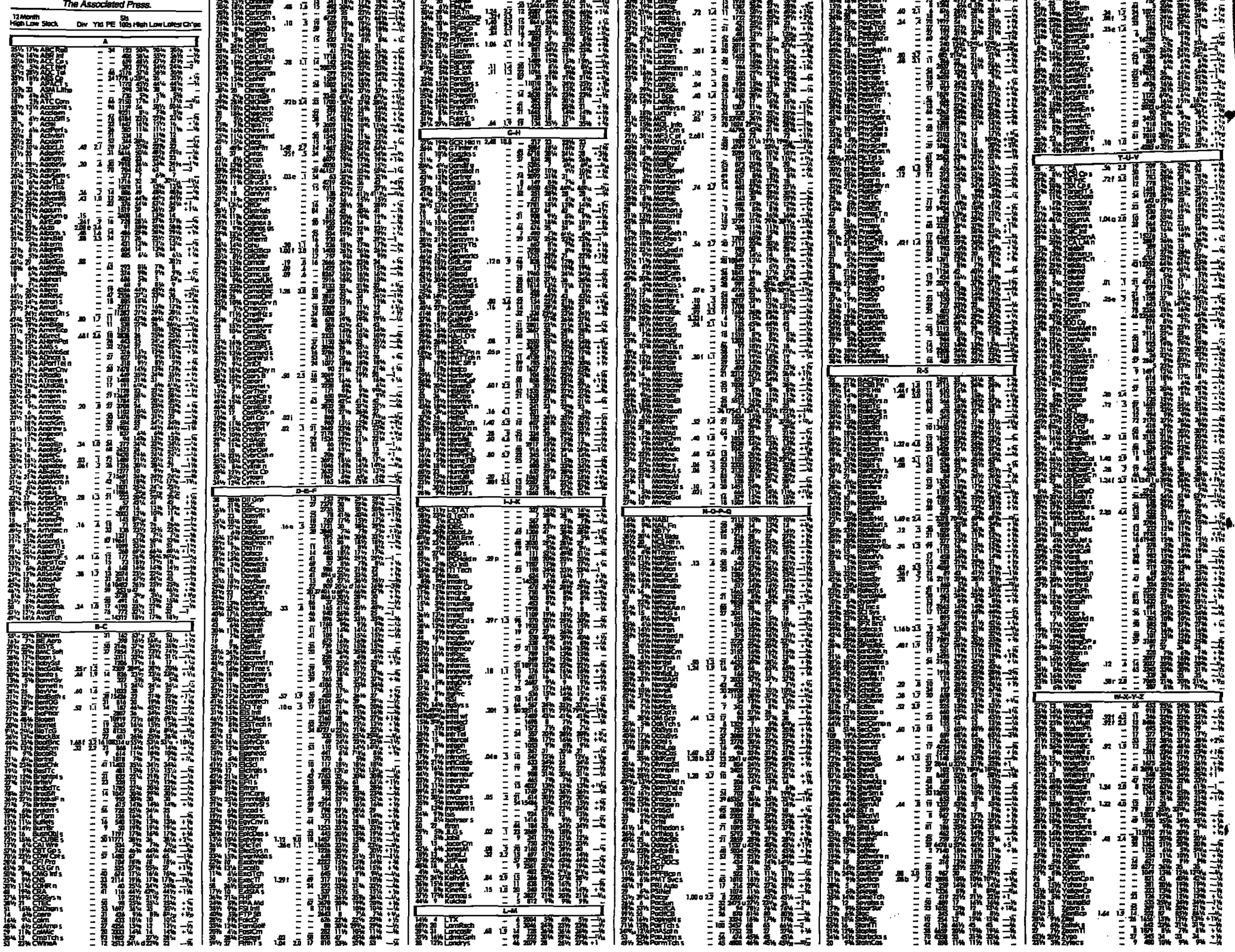
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gonna shake, you do it in another room!"

NASDAQ

Friday's 4 p.m.

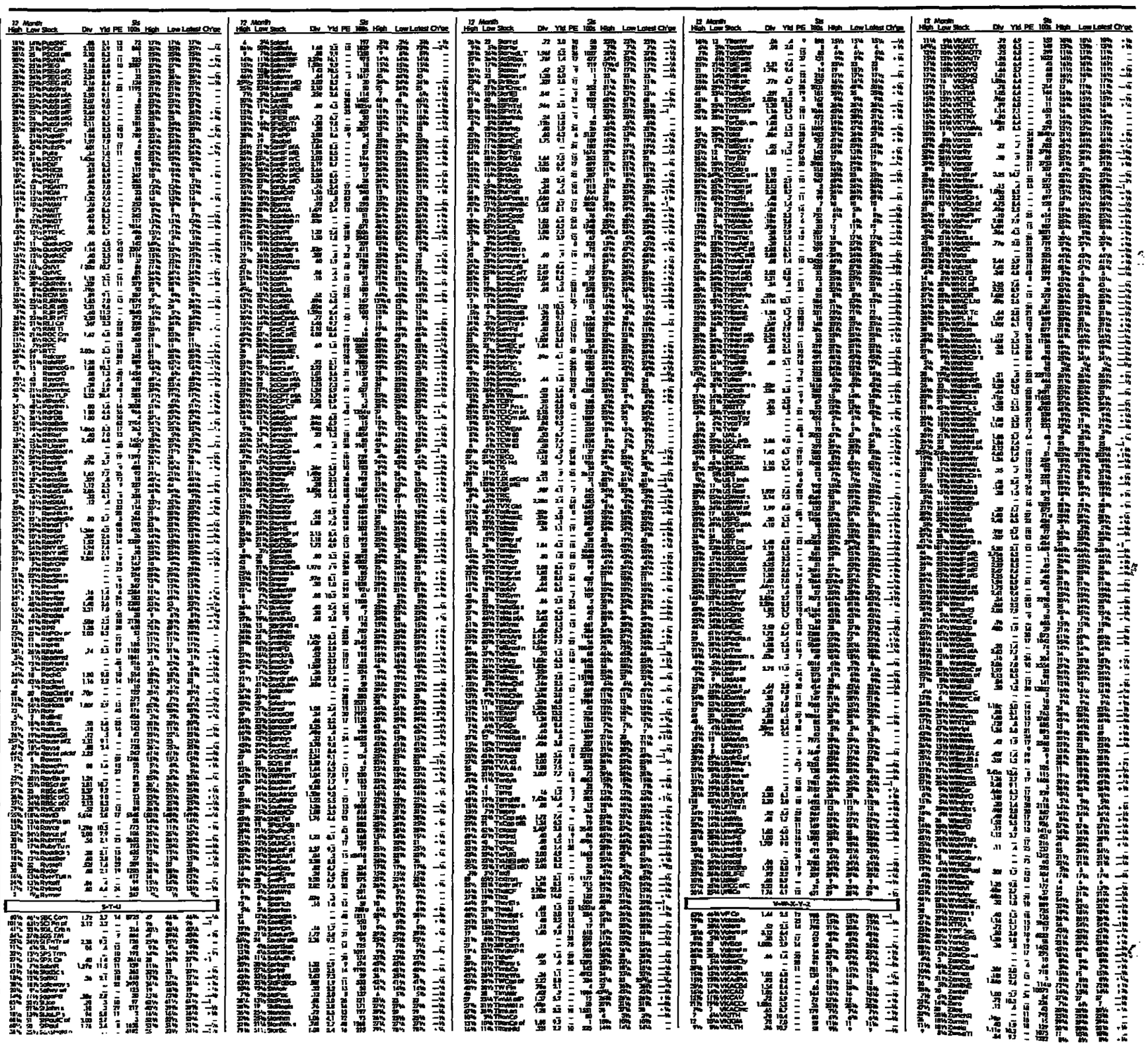
The 1,000 most-traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.



NYSE

Friday's 4 p.m. Close

(Continued)



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Herald INTERNATIONAL Tribune

THE MONEY REPORT

SATURDAY-SUNDAY, AUGUST 31-SEPTEMBER 1, 1996
PAGE 15

MONDAY: SPORTS

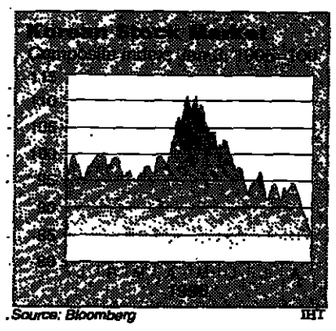
Did Investors Overreact To Sentencings in Korea?

By Philip Segal

IMAGINE if 25 chief executives from Dow Jones industrial average companies were sentenced to prison at the same time. That is equivalent to what happened this week in South Korea, where the pickings for value investors do not get any riper than they are now.

Beset by price slumps for most key exports as well as by fickle short-term domestic investors, shares that had already been pummeled this year were battered some more for much of the week, as 33 executives and political figures were found guilty of giving or accepting bribes. Stocks then recovered all their ground on rumors that the government will open the market to foreign money by two more percentage points, but the market is still just above the 33-month low reached Wednesday.

In the meantime, analysts say, the patient investor in Korea can buy some



Source: Bloomberg IHT

of the world's largest companies at a discount to book value. The convictions Monday and the stock plunges that followed just made good values better.

Moreover, most Koreans expect that the convicted tycoons will manage to avoid jail altogether: In fact, most of the executives were back at work Tuesday, having appealed their sentences or planned to do so.

Domestic investors were using the arrests "as an excuse to shy away from the market," said analyst Nahuh Rhee of Dongbang Peregrine in Seoul.

"Korean investors are momentum players. They're not value investors," he continued, because they lack the two- to three-year horizon a value investor has to have. With locals making up 95 percent of the market and leaving value investment to the foreigners, there are opportunities to pick up cyclical stocks trading as low as 60 percent of book value, he said.

What has driven the Korean Composite Index has been Korea's worsening current account balance. With prices of computer memory chips, steel and chemicals all down at the same time — in the case of semiconductors by as much as 70 percent this year alone — the value of Korea's exports has slumped.

At a prospective 3 percent of gross domestic product, the current account deficit is easily manageable, economists say, and is far smaller as a proportion of the economy than deficits in Thailand, Indonesia or Malaysia. Still, when the current account deficit leaps 300 percent in one year, as it did in July, a lot of investors will want to sell.

For the stock market it is the trend, not the size, of the current account that is important, said Peter Everington, managing director of Regent Fund Management in Hong Kong. "As soon as there's a turnaround" in the deficit, Korean stocks "will be a steaming buy."

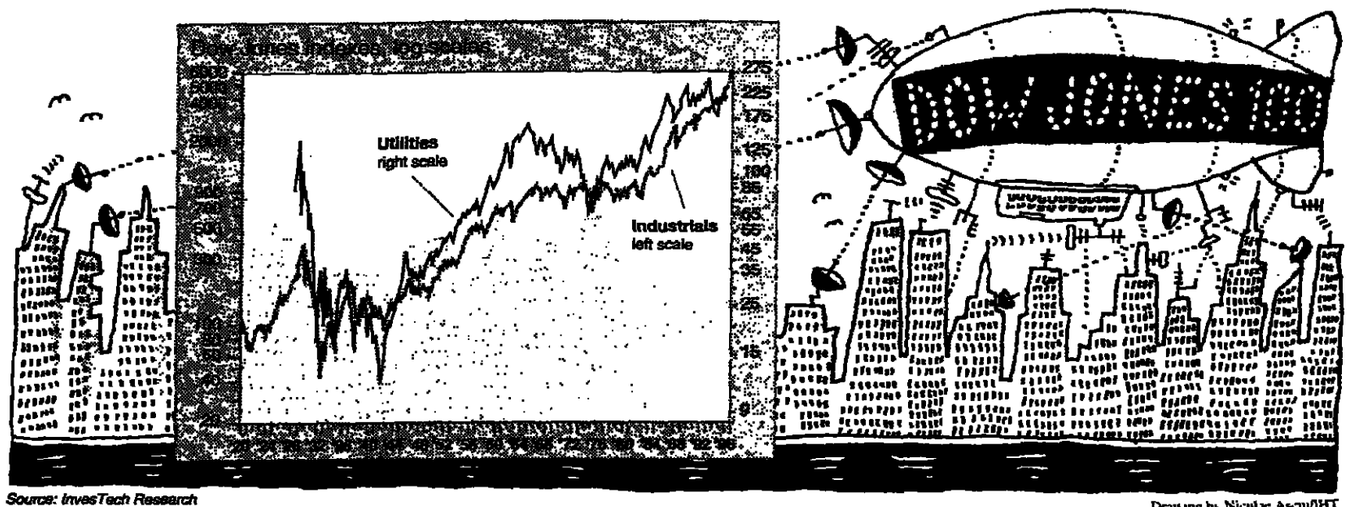
Beyond the rebound of semiconductor stocks, which most analysts believe is at least a year off, there are other values to be had which could come back sooner. Untouched in the scandals was the Ssangyong Group, Korea's fifth largest *chaebol*, or conglomerate. The group's Ssangyong Heavy Industries Co., which makes diesel engines, rose 5.9 percent on Friday. Mr. Rhee of Peregrine is optimistic about an imminent recovery at the steel giant Pohang Iron & Steel Co., as well as at the oil refiner Yukong.

Ray Freris, chief regional economist at Salomon Brothers in Hong Kong, said he thought the Korean economy would bottom out by the end of September. Consumer expenditures make up 60 percent of Korea's GDP, and retail sales have remained buoyant.

Can Korea's domestic investors have got it wrong? Maybe. But there are hazards that could delay a market rebound.

For one thing, a continuing weak yen will hurt Korean exports by reducing the relative prices of Japanese goods abroad; Japan is Korea's main competitor in the export market. This week's gloomy *tankan*, the Bank of Japan's quarterly survey of corporate sentiment among major manufacturers, sent Japanese stocks to a five-month low, pouring cold water on hopes of a sustained recovery in Japan and of a stronger yen.

For another, Wednesday's confirmation of an initial public offering by Hyundai Electronics Industries Co. sent shares diving on fears that a flood of new stock would depress prices.



Source: InvesTech Research

Drawing by Nicolas Ascuy/IHT

For Dow Index, It's a Whole New Century

By Conrad de Aenlle

THE DOW JONES industrial average fell close to 50 points in just over an hour of trading spread across two August sessions. This was not the fault of program selling, and Alan Greenspan did not have a stroke. The Dow was driven down mostly by a $12 drop in one of its 30 components, Philip Morris Cos., enough to take 35 points off the index.

Aside from confirming that smoking can be an expensive habit, the episode, which followed a damage award in a smoker's lawsuit against a rival tobacco company, illustrates how misleading the movements of a narrowly based stock index can be. During the same trading period, the broader Standard & Poor's 500 and New York Stock Exchange composite indexes barely budged.

Despite such occasional jolts from quantum movements in its components, however, the Dow remains the most closely observed measure of share prices in the world and one of the most useful for market professionals.

"The Dow is clearly the most widely reported index and arguably the oldest. It just sort of gained its popularity and kept it," said David Blitzer, chief economist of Standard & Poor's Corp., with grudging respect. "Once an index gets in the popular mind, it's very hard to dislodge it."

Not that Standard & Poor's hasn't tried and, to an extent, succeeded. Money managers are much more inclined to follow its index of 500 blue-chip stocks because of its broader base and the fact that it is an average of the 500 share prices weighted by the market capitalization of each company, something that Mr. Blitzer said "feeds into the way modern finance is done."

The Dow, created long before the computer epoch, is merely the sum of the share prices of 30 companies divided by a number that changes whenever a change is made in the index or there is a stock split. Altering this divisor keeps the index's value constant after a change, assuming all other prices are the same.

What makes the Dow so popular is that those 30 companies are among the oldest and best known in America. Including these large household names ensures that the Dow will continue to be the index followed in households with stock portfolios.

"It's the one always quoted in the news, the average that the average investor tunes in to," said Bernadette Murphy, a technical analyst at Kimmelman & Baird in New York. "It's made up of the generals that lead the troops."

There are the generals that acknowledge their rank, such as Electric and Motors, as well as such other industrial stalwarts as International Business Machines Corp., Procter & Gamble Co., DuPont Co., Exxon Corp. and American Telephone & Telegraph.

General Electric Co. is the only survivor from the original index of 12 companies that Charles Dow created in May 1896 (the list was expanded to 30 in 1926). Among his other paragons of American industry were American Cotton Oil, Distilling & Cattle Feeding and, for the more perverse investor, U.S. Leather and U.S. Rubber.

Changes in the index are made by editors of the Wall Street Journal, which is published by Dow Jones & Co. These occur after a takeover or spin-off or, occasionally, to better reflect the character of American industry. The last change was made in 1991, when Walt Disney Co., J.P. Morgan & Co. and Caterpillar Inc. replaced USX-U.S. Steel Group Inc., Primerica Financial Services and Navistar International Transportation Corp.

Ms. Murphy noted that the Dow has "a sentiment attached to it because of its age," but it is tracked by heartless technicians, too, because it is so old. Many of the most widely respected market indicators owe their following because they have been tested back to the early years of the century using the Dow.

WHEN ANALYSTS point out that by several measures the market is the most overpriced it has been since before the 1929 crash, they are comparing the Dow industrials of today and yesterday.

"We do a lot of historical comparisons, and the Dow and the S&P 500 are both good to follow for a number of reasons: Data is widely available and widely followed," said Tim Hayes, senior stock market analyst at Ned Davis Research in Nokomis, Florida, noting that daily closing prices are known for the Dow stretching back to 1900. He said that in some ways the Dow was the better index to track because its membership is more stable.

There is not that much to choose between them. In the 4,200 trading days since 1980, Mr. Hayes said, the correlation of the two indexes is 0.998, with the maximum being 1. A more meaningful comparison, he said, is between the Dow industrial and utility averages. "The utilities are interest-rate sensitive, they're more of a leading indicator," Mr. Hayes observed. "When the utilities diverge from the Dow, it's usually not a good sign" for the economy.

With that in mind, consider that throughout the run-up in the industrials over the last year and a half, the utility average has not come close to the all-time high of 1993.

It is also worth considering that the Dow industrials' advance into the high 5,000s has made large point moves much more common, and has even driven the New York Stock Exchange to tinker with its circuit-breaker rules. A move of 250 points now prompts a trading halt of 30 minutes instead of an hour. Not much of a difference considering that such a move is less than half as great a percentage as when the system was introduced after the 1987 crash.

Ms. Murphy's advice to investors following the Dow is to "take into consideration its high level and not take note of its absolute level, but the percentage. Always think in terms of percentages."

She said that the keepers of the Dow "are going to have to do something" — perhaps a split effected by doubling the divisor so that the index's value is halved — to make movements in the Dow easier to manage in investors' psyches.

No chance, said Roger May, a Dow Jones spokesman: "I can tell you for a fact there won't be a split. For continuity the divisor keeps changing, but you have it on an even keel through history."

Big Insurers Catch Consolidation Fever

By Aline Sullivan

INVESTORS in the insurance industry are bracing for more upheaval in the wake of several massive takeover bids this month. Further consolidation looks likely as the big players strive for dominance in what is rapidly becoming a global business.

But if the takeover fever among insurers in the late 1980s is any guide, some of the latest acquisitions are likely to prove embarrassingly overpriced.

Shareholders in the British giant Prudential Corp. had reason to cheer earlier this week. The company announced on Tuesday that it had agreed to sell its Mercantile & General reinsurance arm to Swiss Reinsurance Co. for £1.75 billion ($2.71 billion), well above the company's book value of £1.1 billion. Prudential shares jumped 2 percent on the news and have held steady since at around 440 pence.

Even some of the participants appeared surprised by the generosity of the offer. Peter Davis, group chief executive of Prudential, said the sale price "substantially" exceeded what could have been achieved through a stock-market listing. Prudential had said in June that it planned to float part of M&G on the London Stock Exchange this year.

"We are seeing deals being made at substantially higher than market value," said Angus Runciman, an analyst at Barclays de Zoete Wedd in London. "That's because the main players are once again putting a premium on size and critical mass."

The Prudential announcement came just after two other major takeover bids — Munich Reinsurance's offer to buy American Reinsurance Corp. for $3.3 billion, or three times book value, and General Reinsurance Corp.'s purchase of National Reinsurance Corp. for $940 million, or two times book value.

There is plenty more consolidation to come in both the reinsurance and primary markets, analysts agreed. "These takeovers show that no one wants to be left out of the game," said Ken Zuckerberg at Smith Barney in New York, "particularly the old European companies who are paying a premium to expand their worldwide share and bulk up their U.S. presence."

Both Munich Re and Swiss Re are likely to make further acquisitions, analysts said. "European regulation will force these companies to reveal the market value of their holdings and investments to shareholders by 1998," Mr. Runciman said. "Surely the sensible reaction is to spend the extra cash before that happens."

Employers Re of the United States is similarly expected to flex its muscle soon in both the United States and Europe. The company had been in talks with American Re but lost out to Munich Re.

Primary insurers are also hitting the expansion trail. Conseco Inc., a U.S. life and health insurer, announced Monday that it will spend $1.7 billion on two acquisitions: American Travelers Corp. and Capitol American Financial Corp.

Mr. Zuckerberg is advising clients to buy shares in General Re, the St. Paul Cos. and Allstate Corp., citing their ability to benefit from active capital management and consolidation.

For similar reasons, Peter Wade, an analyst at Lehman Brothers in New York, also recommends Allstate, along with ITT Hartford Group and Renaissance Re Holdings.

Analysts on the other side of the Atlantic are most enthusiastic about two Dutch insurers, Aegon and ING.

Likely takeover targets, analysts said, include Scor, a French reinsurer currently 39 percent owned by Union des Assurances de Paris. Other candidates are two U.S. reinsurers, NAC Re Corp. and Chartwell Re Corp., and a British insurer, Lloyds Abbey Life PLC.

High-Grade Bonds Flunk Yield Test

By Judith Rehak

GLANCE AT ANY current rundown of fixed-income ideas for American investors and you are likely to find everything from junk bond and emerging-market bond funds, to real estate investment trusts and Treasury bonds. Notably absent are investment-grade corporate bonds issued by solid, familiar household names.

Why the lack of interest? In short, stingy yields from a corporate America that is enjoying strong earnings and little credit risk, and so has little need to tempt investors with higher returns.

The result is what bond experts call "compressed spreads," meaning there is currently very little difference between the yield on a super-safe, U.S. government-backed Treasury bond and an investment-grade corporate bond with the same maturities. Last week, for example, an A-rated Lockheed Corp. bond with a yield of 6.88 percent maturing in August 2001 would have paid out only $25 more a year than a Treasury bond yielding 6.63 percent with the same maturity.

That represents a dramatic change from five years ago, said Edward Emmer, executive director of corporate bond ratings for Standard & Poor's Corp: "Then it was a time of recession and investors were nervous, so spreads were close to one percentage point."

That said, there are some worthwhile buys in investment-grade corporates right now, say the experts. But they warn that it requires careful research and attention to creditworthiness, and hopefully making the right call on where the U.S. economy and interest rates are headed.

John Bender, co-manager of the Strong Corporate Bond Fund, likes regional bank bonds, such as an A-rated NationsBank issue that matures in 10 years and yields 7.45 percent, or roughly 0.67 percent over a 10-year Treasury. Like many of his peers, he is also dipping into the BBBs, or lowest category of investment-grade bonds, to find healthier yields, though he says "you must do your credit homework."

One example is a bond maturing in 2005 issued by Time Warner Inc., whose merger with Turner Broadcasting Corp. is nearly complete. "We think once it's closed, Time Warner will likely sell some assets of Turner and cause the bond to be upgraded," he said. He figures that could add another 0.25 percent to the bond's 8.14 percent yield.

But Lee Crabbe, chief corporate bond strategist for Merrill Lynch, argues that the most important decision right now is one of maturity rather than industry. Noting that Merrill thinks the Federal Reserve Board may start to raise interest rates, he is advising investors to shorten their maturities of corporate bonds to, say, five years instead of 10, because prices of the shorter bonds are less vulnerable to damage from higher rates.

With so many concerns to consider when choosing an investment-grade corporate bond, plus an unusual divergence of opinion among forecasters on where rates are headed, should individuals be buying such bonds at all?

In fact, most investors these days buy their investment-grade bonds through bond funds. "It's just easier and more efficient," said Mr. Crabbe. "They can diversify and manage risk."

When Blue Chips Are Time Bombs: U.S. and U.K. Seek New Rules on Derivatives

By Digby Larner

INVESTORS LOOKING for steady long-term growth, either as a solid core to their portfolios or to consolidate gains made in riskier markets, usually buy blue-chip stocks. Conventional wisdom has it that big corporations with long trading histories and a solid market base do not spring the types of surprises that make share prices plunge.

At least that was the case before corporate treasurers discovered derivatives. These days, it seems, even blue-chip corporations can take a bath. Sumitomo Corp. of Japan, which lost $1.8 trading copper futures, is the latest derivatives casualty on a list that includes some of the world's biggest businesses, such as Barings PLC, Daiwa Bank, Kashima Oil, Metallgesellschaft AG, Procter & Gamble Co. and Gibson Greetings Inc.

Derivatives are a sometimes complex and volatile offshoot of equities. Used prudently, they can help businesses hedge against routine risks in global commodities and financial markets. To that end they limit the possible damage to corporations from fluctuations of currency and raw material prices in the various markets in which they do business.

But some corporations play the derivatives market speculatively, hoping to pull off additional profit by gambling with cash they have earned from their core businesses. Because derivatives

The list of big-name losers keeps growing.

are highly leveraged — meaning that investors are exposed to exaggerated gains and losses relative to the amount they invest — a sudden downturn can burden a corporation with damaging debts and wipe out an individual's savings. (See "A Cautionary Tale of Two Spinsters," page 17.)

Although high-profile losses have caused companies to use derivatives more cautiously, the list of big-name losers will grow, said Tim Brown of UBS Ltd. in London: "The likelihood that someone, somewhere, is doing something they shouldn't is quite high. Almost every year another company admits to making very heavy losses."

The problem investors face is in spotting which corporations are speculating in derivatives and to what degree. Bondholders who lost $150 million in the collapse of Barings claim that the merchant bank's directors failed to inform them what risks the bank was running.

But while each new headline-grabbing loss is inevitably followed by calls for tighter regulation, there is so far no obligation on corporations to inform investors about their investment activity.

Attempts by accounting authorities in Europe and the United States to agree new rules on disclosure have met with resistance from corporations. Following several failed proposals, the U.S. Financial Accounting Standards Board recently approved draft rules it hopes will be in place early next year.

These will allow corporations to offset derivatives against other assets in their accounts provided they are used for hedging. Derivatives used speculatively will have to be included in the quarterly profit and loss account.

Some analysts doubt the proposal will survive, not least because such disclosure could alter corporate results dramatically from one quarter to the next.

Another problem, said Mr. Brown, is that the line between speculating and hedging is too blurred for such rules to be workable. "Sure, there could be more disclosure on the accounting side. The difficulty is in making that data tell you something," he said. "For most investors it will be nothing more than a set of big figures that say nothing about whether or not a business is handling its derivatives exposure well or not."

He added that a bungled attempt at hedging can be as damaging to a corporation as naked speculation. "Take a simplified example of an oil company investment. If you think oil prices are going to double from $15 to $30 a barrel, you'll buy the company's shares in the hope that the price hike will increase their value. If you are proved right about the price of oil but find the company hedged against a price drop by selling futures at $15 a barrel, the share price will probably fall."

Anthony Belchambers, executive director of Britain's Futures and Options Association, believes the best way to protect investors is by helping corporations using derivatives understand them better. At the end of last year the FOA issued a set of guidelines for directors which it hopes will avoid the pitfalls suffered by equivalent

The culprit is often a rogue employee.

guidelines in the United States.

"It is very hard for investors to get information on what risks companies are taking with their cash," said Mr. Belchambers. "And the problem with guidelines suggested in the United States is that end-users are critical of them. In fact, we started looking at this problem pre-Barings and included end-users to help formulate our plan." Although the guidelines are designed for the British market, Mr. Belchambers said they could be applied in any country.

Other observers caution that no matter how adept corporations are at using derivatives, it is harder than ever to prevent employees exposing them to heavy losses — as did Nicholas Leeson of Barings and Yasuo Hamanaka of Sumitomo.

"Companies used to safeguard their money by carefully guarding the business's check book," said Mr. Brown. "The trouble with derivatives is that little or no money needs to change hands initially and information on trades is electronically stored. That makes it hard for companies to keep tabs on what employees are doing."

Andrew Couch, an analyst with Guinness Flight in London, believes, however, that although a growing number of businesses are buying derivatives, most have been scared off using them speculatively by the disastrous losses of others. "There have been no real regulatory changes," he said, "but the uncontrolled use of derivatives by businesses like Barings has led to companies and banks keeping a closer eye on transactions, especially in the over-the-counter market."

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THE WORLD'S DAILY NEWSPAPER

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THE MONEY REPORT

Answering the Age-Old Question

By Tom Petruno

WHEN WASHINGTON announced recently that a record 51.7 million American children will be in school this autumn — breaking a record that had held for 25 years — dollar signs undoubtedly flashed in some entrepreneurial eyes.

The report is a reminder that a new demographic boom is upon us, the "echo" of the post-World War II baby boom: Their children now are crowding into the preteen and teenage groups, with tremendous implications for the economy.

The kid explosion is all around us, of course, but there has been so much coverage of the "graying of America" as baby boomers and their parents age that the new youth wave has been largely ignored.

Yet the numbers are huge. Consider: The Census Bureau estimates that Americans ages 5 to 17 will total 53.7 million by 2005, up 19 percent from 45.3 million in 1990. That would be the same percentage growth as in the over-65 age group, which is expected to expand from 31.2 million people in 1990 to 37 million by 2005.

For investors, these concurrent demographic waves — surges in the numbers of young and old — would seem to offer enriching possibilities over the next decade. If you can figure out what a large and growing population is willing to spend money on, after all, you might be able to get ahead of the curve and cash in as those dollars begin to flow in earnest.

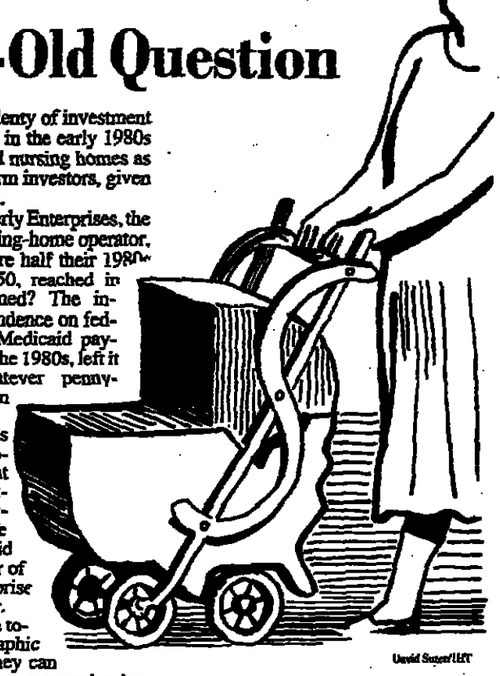
Investors who foresaw the current mutual fund mania, for example, could have purchased shares in fund giant T. Rowe Price Associates for as little as $3.63 in 1990. The stock has since risen sevenfold, to $30.25 now.

Similarly, baby boomers' ongoing love affairs with golf and with big motorcycles have helped lift club maker Callaway Golf Co. from $2.25 a share in 1992 to $32.75 today, and Harley-Davidson Inc. from $11 in 1992 to $41.125 now.

Admittedly, examples such as those make age-trend investing look too easy. It can be far tougher than that to score big by trying to ride demographic waves.

The graying-of-America trend, for instance, has been in place since 1980 and has been one of Wall Street's most-discussed themes. Plenty of investment reports were written in the early 1980s touting hospitals and nursing homes as sure bets for long-term investors, given the aging population.

Yet shares of Beverly Enterprises, the nation's largest nursing-home operator, today, at $10.375, are half their 1980s peak price of $22.50, reached in 1986. What happened? The industry's heavy dependence on federal Medicare and Medicaid payments, especially in the 1980s, left it vulnerable to whatever penny-pinching Washington was inclined to do.



David Sugerman/IHT

Nursing homes "are a great demographic play, but every time we get excited about it, the government sticks a knife in its back," said James Goff, manager of the Janus Enterprise stock fund in Denver.

Mr. Goff's attitude toward the demographic megatrends is that they can be beneficial to many companies but that they simply aren't enough. "It's more important to me that a company be in a good business and have a strong franchise," he said. Excellent management and execution, he added, can overcome macroeconomic problems in an industry, while poor management or poor execution may limit a company's ability to benefit from even the most powerful megatrends.

That said, some big investors said they were nonetheless excited about the money-making potential in industries that cater to the needs of the developing youth boom.

Ron Baron, manager of the Baron Asset stock fund in New York, is a fan of DeVry Inc. (trading at $45.75 on Friday), a chain of technical training schools that is based in Oakbrook Terrace, Illinois. He expects a growing share of high-school graduates to turn to technical schools as the traditional college education becomes too expensive for many families.

Likewise, Mr. Baron owns a big stake in Youth Services International Inc. ($19.50), which is based in Owings Mills, Maryland, and operates reform centers for troubled kids. The societal downside of the coming surge in teenagers, Mr. Baron said, is that the group is increasingly involved in serious crimes that demand serious punishment and reform efforts.

From purely a consumption point of view, there are plenty of potential company winners as parents and relatives spend more on children and as teens spend more on themselves.

Eric Miller, investment strategist at Donaldson, Lufkin & Jenrette Securities in San Francisco, wonders about the long-term prospects for athletic-wear makers like Nike Inc. ($108.375) if they can capitalize both on the youth wave and on aging but still physically active baby boomers.

Likewise, retailers that target the youth market could see a renaissance. Already this year chains such as Claire's Stores Inc. ($33.75), Pacific Sunwear of California ($21.75) and Wet Seal Inc. ($34.75) have seen their stocks rocket on expectations of continued healthy sales.

Finally, if you want a good mystery to unravel, try this: Which industries, and companies, will be the big losers as the 25-34 age group shrinks over the next 10 years, even as the numbers of kids and older people soar?

Some Wall Streeters warn that home builders, many retailers and perhaps automakers will be hurt as that key consumption-oriented age group is downsized.

The Los Angeles Times.

Tobacco Firms Face Hazy Future

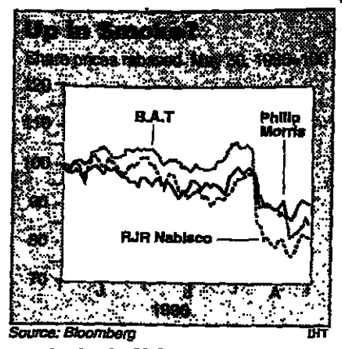
By Aline Sullivan

INVESTORS IN big tobacco companies have long needed thick skins, but never so much as in recent weeks as share prices were hammered by unfavorable litigation and tighter U.S. regulations. Nevertheless, the top companies remain immensely profitable, and their high-yielding shares now look like bargains — at least to investors who can stomach a little political risk.

Arguably the most attractive are shares in Philip Morris Cos., the biggest U.S. cigarette maker, which plunged more than 20 percent despite news of a hefty dividend rise. Also taking a beating were RJR Nabisco Holdings Co., the owner of R.J. Reynolds Tobacco Co.; Lorillard Tobacco Co., a unit of Loews Corp.; Liggett Group, owned by Brooke Group Ltd.; American Brands Inc., and B.A.T Industries PLC of Britain. All are now trading at hefty discounts to the market.

Industry analysts attributed the declines to investor worries that, following this month's verdict in Florida against Brown & Williamson Tobacco Corp., a B.A.T. subsidiary, U.S. jurors are increasingly likely to blame smokers' addiction on cigarette makers. Although the Florida jury awarded only $750,000 in damages — and B.A.T. is given a good chance of getting the jury's verdict reversed on appeal — the fear is that a precedent has been set that may result in more and larger awards down the road.

"Investors overreacted to the Florida court case," said Roy Burry, an analyst at Oppenheimer & Co. in New York. He is advising clients to buy Philip Morris, B.A.T. and UST Inc., the leader in U.S. sales of chewing tobacco.



Source: Bloomberg IHT

Tobacco shareholders took heart last week when an Indiana court found in favor of the cigarette makers and against the family of a smoker who was aware of the health risks of smoking but elected not to quit. The decision was hailed as proof that jurors had not become more sympathetic to smokers, and shares staged a comeback.

But the respite proved temporary as President Bill Clinton approved new federal regulations intended to curb smoking among minors by curtailing cigarette advertising and banning sales through mail order, vending machines and self-service. The tobacco companies are fighting the imposition of the new rules, but analysts expect that a protracted legal battle will only hurt share prices.

"The legal battle may add to the media's attention to the industry and will almost certainly add further to the current public policy uncertainty," said Martin Feldman, an analyst at Smith Barney in New York. He added that if tobacco regulation became an important debating point in the current presidential campaign, "investors' concerns may be heightened by perceptions of uncertainty."

More trouble could lie ahead, analyst warn. Last week Oklahoma became the 14th state to sue the tobacco industry in an effort to force cigarette makers to pay part of smokers' health costs, and at least three other states are expected to follow.

Investors with the stamina to stay this rocky course — and the confidence that the political and judicial outlook will improve — should consider buying now, analysts said. Growth and earnings prospects remain strong, particularly outside the United States, and shares are the cheapest they have been in years.

Moreover, generous dividend payments and share repurchase programs have become the norm in the industry because, analysts said, companies realize they have to compensate investors for the political uncertainty surrounding their holdings.

In the last 10 years, Philip Morris dividends have grown at a compound annual rate of 20.4 percent. Philip Morris's dividend yield is 5.31 percent, more than twice the 2.1 percent yield of the Standard & Poor's 500 index of blue-chip companies. RJR Nabisco's dividend yield is a whopping 7.3 percent.

There is also the possibility that, in buying a tobacco stock, investors are getting a piece of another, less politically sensitive industry. Philip Morris, for instance, may be best known as the maker of Marlboro cigarettes, but it is also the world's largest producer and marketer of consumer packaged goods. Tobacco accounts for only about half of the company's combined revenues.

A Cautionary Tale of Two Spinsters

By Dan Colarusso

FIVE YEARS AGO, Olga Monetti and Fannie Monetti were arguably New York's most unlikely millionaires. The two sixty-something sisters shopped in thrift stores, refinished discarded furniture for their home in the run-down East Harlem section and drove a car that had seen much better days.

But now, after huge losses from derivatives investments and with small chance of collecting a related arbitration award, the sisters may have no choice but to scrimp.

"How can we live?" said Olga Monetti, 62, about the sisters' straitened circumstances.

Such a question would have been laughable a few years ago. For 40 years, the Monettis saved rigorously and relied on such safe instruments as certificates of deposit and Treasury bonds. Time worked its slow magic and by the early 1990s they had managed to amass $1.2 million. Their nest egg, the sisters hoped, would one day pay for a comfortable retirement and a dream vacation to Italy.

The affluence did not come easy. "This was sweat money," said Olga Monetti, who like her sister never married. "We sacrificed our whole lives. We put away and put away and put away." Olga works as a hospital technician and Fannie, who is 69, retired a few years ago from her position as a file clerk.

Things began to unravel in 1991, when the sisters answered a newspaper advertisement promising high yields on certificates of deposit. The ad was placed by High Yield Management Securities, a brokerage firm in Clifton, New Jersey, and soon the sisters had moved all their savings there.

At first the Monettis had their money in conservative bond investments. But within a few years, many of their assets had been redirected to risky derivatives that are drawn from pools of securitized mortgages known as collateralized mortgage obligations. In theory, these investments can be big winners. As interest rates fall, they gain value because mortgage holders pay off the principal early so they can refinance their debt at lower rates. But the Monetti sisters were not so lucky; by mid-1994 rates had risen three times and their investments sustained great losses.

In 1994, High Yield Management had also sold the sisters interest-only strips, which are the interest portions of a mortgage pool. These investments should thrive when rates rise, but again the Monettis were unfortunate. As rates rose through 1994, the entire mortgage-backed derivatives market was thrown for a loop as major hedge funds took losses on massive positions. The investments became all but illiquid.

Even worse, many of the Monettis' investments were very risky, based on mortgages of long maturity and held by borrowers with iffy repayment records. Bad market news hits such investments hard. The sisters were further hurt by the fact that they bought many of these investments on margin, with money borrowed from High Yield Management through National Financial Services, a unit of Fidelity Investments.

'How can we live?' ask the Monetti sisters after bad derivatives trades wiped out their $1.2 million nest egg.

The accumulating interest charges on these margin loans — which reached a principal sum of $1.3 million — forced High Yield to liquidate the Monettis' investments at a tremendous loss.

The Monettis are not unusual in joining the company of blue-chip companies that have fallen victim to derivatives risk, according to Richard Ryder, publisher of the Securities Arbitration Commentator, a newsletter. While no figures exist, anecdotal evidence suggests there has been an increase in the number of derivatives arbitrations brought by individual investors and small institutions, especially in the CMO market, he said.

"It's clear that CMO derivatives have trickled down to the retail level," he said.

The losses have been the subject of dispute. The Monettis say that the risks of the derivatives were never explained to them and that they thought the investments were similar to Treasury bonds and were Government-guaranteed. "We're not gamblers," said Fannie. Added her sister, "We could have kept it in the bank and slept very well at night."

Philip Eitman, the owner of the now-bankrupt High Yield Management, HYM, declines to comment on any specifics of the Monettis' situation because of pending litigation.

But Mr. Eitman stresses that he, like the Monettis, was a victim of an "historic" crash in the derivatives and bond markets. "There's a hefty list of creditors" of High Yield, he said. "I invested 100 percent of my time and money in the company. I lost everything."

One month ago, the arbitration that ensued from this dispute ended in a major victory for the Monettis. The arbitration panel, convened by the National Association of Securities Dealers, said the sisters do not have to pay the $1.3 million margin debt. And the panel ordered Mr. Eitman to pay the sisters $1 million.

But collecting the $1 million is another matter. Mr. Eitman, who expressed surprise that he was held responsible by the panel, is facing other actions and also says he owes money to the IRS.

"I've staved off filing personal bankruptcy as long as possible," he said, calling it "very unlikely" the sisters will see the $1 million. "The only thing I have left is my integrity."

The New York Times.

When High Profits Scare Stock Pickers

By Daniel Moss

ON THE FACE of it, it seems like Malaysian companies just cannot win. They have, for the most part, delivered better-than-expected first-half and financial-year earnings over the last two weeks.

So are investors rewarding them? Far from it. Concern that profit growth will slow from here, stretching already expensive valuations, is making fund managers wary of pouring money into Malaysian stocks.

"The problem with Malaysia is not so much the earnings, it's the valuations," said Hugh Young, managing director of Abtrust Fund Managers (Singapore) Ltd., which manages about $850 million in assets. "It's not this set of earnings people are worried about; it's the next set."

That pessimism is evident in that the benchmark Kuala Lumpur Composite Index has gained just 1.7 percent since Telekom Malaysia Bhd., the country's largest publicly traded company, kicked off the reporting season on July 25. That's better than the 4.7 percent drop recorded by the index the preceding month, though still 6.3 percent shy of the 52-week high recorded in April.

A large part of that is because investors have found more attractive regional markets to turn to.

Malaysian stocks are trading at average prices about 20 times projected earnings, said Mr. Young. That compares with multiples of about 14 or 15 in neighboring markets, such as Singapore and Indonesia.

Moreover, earnings growth has probably peaked at a time when Malaysia's export growth is slowing and economists are trimming economic growth expectations.

"People are basically discounting the present year's earnings as too good to last," said Colin Quek, who manages Malaysian assets at Prudential Portfolio Managers (Asia) Ltd. "Malaysia is moving from a high growth phase to a low growth phase."

That makes investment here look relatively less attractive than in neighboring countries, such as Thailand, where profits and share prices more reflect a slowing economy, Mr. Quek said.

Take the case of Tan Chong Motor Holdings Bhd., which assembles passenger cars for Nissan Motor Co. of Japan and supplies parts for national car maker Proton Bhd. On Friday, it said first-half net profit more than doubled, helped by a decline in the value of the Japanese yen against the Malaysian currency.

By Monday, Merrill Lynch & Co. had downgraded Tan Chong to medium-term "reduce" from medium-term "accumulate." Chief among the reasons was an expected decline in car sales in Malaysia in the second half.

Just two months ago, the auto sector was the darling of the stock market. Now, the tapering off in sales is a sure sign that the central bank's credit tightening the past two years will start to bite company earnings.

Then there's Malayan Banking Bhd., the third largest company on the benchmark index. Maybank, as the group is known, said last week that net profit in the year ended June 30 rose a better-than-expected 24 percent. The trouble is, it is not expected to get much better as loans growth slows and potential bad debts rise.

The central bank has raised interest rates the past two years to cool the country's turbo-charged economy, which has grown at an average rate of 8.7 percent during the past five years.

Now, thrown into the equation is slowing growth in the economies of Malaysia's major trading partners in Southeast Asia. Add to that a slump in demand for electronics products, which account for a fair slice of the region's export earnings.

Overall, that makes Malaysian stocks a relatively less attractive investment compared with a year ago, or even six months ago.

"I do feel there's money to be made in Malaysia in the next year," said Timothy Kenney, who oversees $100 million in Asian stocks for Societe Generale Asset Management (Asia) Pte. "But equally I feel at some stage we will not want to be overweight on Malaysian equities."

Bloomberg Business News.

The Power of Equity

By Tim Quinson

WHY DO mutual fund managers, who make an average of $675,000 a year, hop from one job to the next?

Some move because their performance is bad: When their funds' returns lag, they get fired. Others change jobs because their performance is good: They get recruited by another company.

Increasingly, there is a third reason. Fund managers want equity in the company where they work. If they do not get it, they look for a new job.

This month, Mary Lisanti, 39, left Bankers Trust New York Corp., where she managed the top-ranked BT Investment Small Cap Fund, for Strong Capital Management Inc. in Menominee Falls, Wisconsin.

"Strong put together an attractive compensation package," Ms. Lisanti said. "It's structured so that I share in the growth of the firm's business. I'm treated like a partner."

Strong Capital is one of several fund companies that include equity as part of compensation packages.

Jack Laporte, manager of T. Rowe Price New Horizons Fund, received cash compensation of almost $1.58 million in 1995, plus 25,000 stock options in the management company.

If history is a guide, Ms. Lisanti will do all right as a Strong Capital "partner." Strong's assets under management ballooned from $1 billion in the early 1980s to $20 billion today.

"You have to be competitive to get the managers you want," Chairman Richard Strong said. In the past five years, he has lured Richard Weiss from Stein Roe & Farnham Inc., Steven Harrop from USAA Investment Management Co. and Ronald Ognar from RCM Capital Management LLC.

Stephen Doyle, chief executive of Montgomery Asset Management in San Francisco, concurred. "If they perform well, more assets will be attracted to the firm, and we'll all make more money."

Bloomberg Business News.

BRIEFCASE

Investors Urge Fairer IPO System

An investor group has urged big Wall Street underwriters to give small investors a better opportunity to buy stock in initial public offerings.

The National Council of Individual Investors said this week that small investors were denied the opportunity to earn profits of up to $1.1 billion in 1995 because they were shut out of initial public offerings for stocks.

"It's time for investors to demand an end to the unfair, two-tiered system for new stock offerings that reserves the easiest profits for institutions and the ultra-wealthy, and then leaves small investors nothing more than the scraps," Gerri Detweiler, the group's policy director, said.

The group is issuing a petition asking the nation's 25 largest securities houses to increase the allocation of IPO shares to small investors from the current average of 10 percent to at least 25 percent of the new stock offerings.

Traditionally, underwriters reserve shares in hot initial public offerings for their best clients as a way to maintain customer loyalty.

"When the IPO market is booming, small investors are locked out of the big returns," Ms. Detweiler said. "Public confidence in the markets is always weakest when investors see the markets as a rigged game in which they lose so that 'insiders' can get rich." *(AP)*

Foreign Ownership Shows Slippage

One investing trend that is assumed to be strong and irreversible is globalization, but research by J. P. Morgan & Co. shows a slippage in the percentage of foreign ownership in the world's 13 largest stock and bond markets since 1993.

Holdings of stocks and bonds by non-residents has fallen from 10.5 percent of outstanding securities at the 1993 peak to 9.5 percent last year. The decline is more pronounced in equities, from 9.4 percent to 7.8 percent, while the dip in bonds has been less than a percentage point.

"A major reason for the drop in portfolio diversification is that investors appear to have become more skeptical about the risk-return tradeoff of investing in foreign markets," a report by the bank stated. "The 1994 global bear market in bonds and equities probably led international investors to reduce overseas holdings as part of a general reduction in risk exposures.

"A return of bull-market conditions in 1995 should have led to a revival in cross-border investing, but the opposite happened," the report stated. "This is probably in response to a growing perception that the diversification benefits of international investing are not what they used to be."

An accurate perception, too, if the reason for investing abroad is to keep a portion of assets in markets that do not move in lock-step with the market at home. In the last two years, Morgan says, returns in markets, especially in bonds, are much more closely correlated than they were in the late 1980s and early 1990s. *(IHT)*

Bad Broker? Gripe On-line

Investors will be able to file on-line complaints about brokers by mid-September through the new World Wide Web site of the National Association of Securities Dealers' regulatory unit.

Mary Schapiro, the regulatory unit's president, has launched NASD Regulation's home page on the Web by saying it now offers "a basic primer" on broker regulation and how to file complaints.

Ms. Schapiro said investors also would be able at some point to obtain brokers' disciplinary histories through the NASD Regulation home page, which can be accessed through "http://www.nasdr.com." *(Bloomberg)*

Philippine Firms Make Index Debut

Ten Philippine companies may see their shares rise when they become part of an international index tracked by institutional investors on Monday, analysts said.

Morgan Stanley Capital International said Alsons Cement Corp., C&P Homes Inc., DMCI Holdings Inc., and Filinvest Land Inc. will become part of its 30-company MCSI Philippines Free index.

Morgan Stanley will also include Guoco Holdings Philippines Inc., Ionics Circuits Inc., Mondragon International Philippines Inc., Republic Glass Holdings Corp., Security Bank Corp. and Southeast Asia Cement Holdings Inc.

The 10 replace six others being deleted from the index, which represents companies in which foreign investors can invest.

Those being dropped from the index are Basic Petroleum & Minerals Corp.; First Philippine Holdings Inc.; Oriental Petroleum and Minerals Corp.; Philodrill Corp.; and Sanitary Wares Manufacturing Corp. *(Bloomberg)*

New Edition of India Data Book

Investors can get up-to-date information on 2,000 Indian companies through the 1996 edition of the National Stock Exchange Infobank. The directory is published by DSI Communications Ltd., which also publishes a handbook for bankers on Indian finance. *(Bloomberg)*

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Herald International Tribune
SPORTS

WORLD ROUNDUP

Cunningham Quits

FOOTBALL Randall Cunningham, released by the Philadelphia Eagles after 11 seasons and not picked up by the only team he wanted to join, said he would retire from pro football.

The three-time Pro Bowl quarterback, whose dazzling runs and inspired playmaking had faded since a series of injuries, said, "Although it saddens me to leave, I am looking forward to spending more time with my family and pursuing other interests that have been on the back burner for some time."

The announcement was not unexpected. Cunningham had said the only team he wanted to play for this year was the St. Louis Rams, who did not seek to sign him when he became a free agent. *(AP)*

Woods Starts With a 67

GOLF The crowd on the first hole stretched from tee to green, flanking both sides of the fairway, four, five sometimes six deep, the sort of multitude you might see at a British Open or on a Sunday at the Masters. Or at Tiger Woods' professional debut at the Greater Milwaukee Open.

Woods shot a respectable round of four-under-par 67 on Thursday, tied for 14th place in the tournament. As he walked down that first fairway as a pro, waves of applause rippled up and down the ropes. The galleries were as warm as the day itself. *(AP)*

Bad Eyesight KOs Bruno

BOXING Former world champion Frank Bruno retired Friday after doctors told the British heavyweight that his eyesight was too bad for him to continue boxing.

Bruno, 34, who lost his World Boxing Council crown to Mike Tyson in March, said he wept when he told members of his family that his 14-year professional career was over. "It's sad, it was difficult," he said. *(Reuters)*

Power Serves Prove Unbeatable at Open

Ivanisevic and Philippoussis Win

The Associated Press

NEW YORK — Despite the heat and the humidity, there was no power shortage at the U.S. Open on Friday.

Three players with huge serves — fourth-seeded Goran Ivanisevic of Croatia, Mark Philippoussis of Australia and Tim Henman of Britain — powered their way into the third round of the year's final Grand Slam tournament.

Philippoussis pounded out 24 aces in his 6-3, 6-4, 6-2 victory over Andrei Olhovskiy of Russia and had many more service winners.

Ivanisevic fired 16 aces past Australian Scott Draper in advancing with a 6-7 (1-7), 6-3, 6-4, 6-4 victory.

While Henman only had three aces — actually one fewer than his opponent, Doug Flach of Atlanta — his big serve set up easy points in the Briton's 6-3, 6-4, 6-2 victory.

U.S. OPEN

"It was a lot easier than I thought it would be," said Philippoussis, whose serves were clocked as high as 136 miles per hour (217 kilometers per hour). "I'm sure he didn't play very well today, didn't get a lot of first serves in, maybe looped a lot of second serves."

Philippoussis is on track to meet top-seeded and defending champion Pete Sampras for the third time in this year's four Grand Slam tournaments. The young Australian upset Sampras in the third round of the Australian Open, then lost to the American in the second round at Wimbledon.

If both continue their winning ways, they will play in the fourth round.

One seeded player was ousted Friday when Guy Forget of France downed No. 17 Felix Mantilla of Spain, 6-4, 7-5, 6-3. Mantilla, ranked 16th in the world before the draw, was passed over by the U.S. Tennis Association when the seedings were made.

When seventh-seeded Yevgeni Kafelnikov pulled out of the Open in a huff because of his seeding, Mantilla was placed in a seeded spot in the draw.

In an early women's third-round singles match, Sandrine Testud of France defeated Argentina's Ines Gorrochategui 4-6, 6-2, 6-1.

Meanwhile, after playing 23 matches in 34 days, Alex O'Brien was taking a deserved day off after upsetting 11th-seeded MaliVai Washington in a five-set match Thursday night. In an amazing summer run, the Amarillo, Texas, right-hander has zoomed from 285th in the world rankings to the third round of the U.S. Open. There's always the possibility of more to come.

"A month and a half ago I don't think I would have told anybody I would have won New Haven and beaten several top players," O'Brien said. "I still did believe in myself. Also my family believed in me."

At midnight, his family was standing in the Louis Armstrong Stadium stands at the National Tennis Center, cheering his latest improbable step up the ratings ladder. "It was a great feeling," defeating Washington, 6-3, 6-4, 5-7, 3-6, 6-3, O'Brien said. "I mean, how can you make a better picture?

"My whole family is over there, friends are over there, they're so happy for me, I'm happy for myself, the fans seem like they're happy for me. Maybe a few of them aren't."

Until this summer, O'Brien was just another player on the tour, with a ranking so low he had to play qualifying matches to get into most tournaments. But for the last month, he has shown the talent that once took him to No. 1 in the college ranks.

Washington wasn't the only seeded player ousted Thursday night. Jeff Tarango eliminated No. 10 Marcelo Rios of Chile, 6-4, 4-6, 7-6 (7-5), 6-2 on Grandstand Court where the crowd booed the winner. "I love the crowd if they boo me every day," said Tarango, who is best known for being kicked out of Wimbledon last year, after which his wife slapped the umpire. "It fires me up, makes me play my best tennis."

Third-seeded Thomas Muster, No. 6 Andre Agassi and No. 13 Thomas Enqvist made it safely through to the third round. In the women's singles, No. 1 Steffi Graf, No. 3 Arantxa Sanchez Vicario, No. 7 Jana Novotna, No. 14 Barbara Paulus and No. 16 Martina Hingis all moved into the third round.

Robin Finn of The New York Times reported earlier:

Andre Agassi likes to give the people palpitations: predictability bores him. A tried-and-true Las Vegan, he's also interested in mirages, the more colorful the better.

So that's what he became on Thursday at the U.S. Open, the mirage of a twig-legged, hairless little fellow overwhelmed by his baggy black shorts, his big yellow watch and his strapping, young opponent, Leander Paes of India, who nimbly pocketed the first set and continued to streak around the court like a comet in the next.

Whew, what an apparition: There was the sixth-seeded, eighth-ranked Agassi, who by hook or by crook had appeared to be the intended heir of this slam's title, a scant point away from a 6-3, 5-0 deficit. But suddenly the mirage became a miracle in broad daylight on the stadium court. Agassi, who came out of nowhere and won this slam despite being unseeded in 1994, is partial to miracles, too.

The 26-year-old escape artist not only defused all five break points in that dangerous game, he won 18 of the ensuing 19 games and claimed this second-round cliffhanger with a spectacular 3-6, 6-4, 6-1, 6-0 comeback.

"That was a scare," the winner said to the loser as they convened at the net for their post-match handshake.

But it was a short-lived scare. Once Agassi turned dictatorial from the baseline and Paes turned less explosive, the underdog became little more than a moveable target at the net.

"I was just dodging bullets," Agassi said of his humble origins in this boomerang of a match. But just when it seemed he had thrown it away, back it came, straight into his hands. "This is probably as extreme as it gets," Agassi said, with obvious pleasure, of the hairpin turn taken by this match, "but you do what you've got to do to win the match. I had to elevate my game, take chances. You step it up as you go."



Dennis Hunde/The Associated Press

Crowd-pleaser Andre Agassi celebrating after coming back to defeat Leander Paes of India in four sets.

Canada Beats Russia, 5-3, In World Cup

The Associated Press

VANCOUVER, British Columbia — Joe Sakic, the most valuable player in last year's Stanley Cup playoffs, scored 52 seconds into the third period to break a tie as Canada beat Russia, 5-3, in the World Cup of Hockey.

Russia had tied it on Thursday night, 3-3, with two second-period goals in the tournament opener for both teams. But Darius Kasparaitis was called for hooking 41 seconds into the third period, and Sakic scored 11 seconds later by converting a rebound.

Russia had two goals disallowed, including Sergei Nemchinov's apparently tying goal with 1:41 remaining. But the Russians were penalized instead when it was determined they had too many men on the ice. Theo Fleury added an insurance power-play goal with 20 seconds to play.

Vincent Damphousse scored a shorthanded goal for Canada, and Eric Desjardins scored a power-play goal. Brendan Shanahan added the only even-strength goal.

The Russians got goals from Alexei Kovalev, Vladimir Malakhov and Sergei Fedorov.

■ Sweden Downs Czech Republic

Jaromir Jagr's triumphant homecoming to Prague turned into something a bit unworthy of celebration. There were boos, whistles and empty beer cans on the ice as Sweden shut out the Czechs, 3-0.



Michael Probst/AP

Swedish goaltender Tommy Soderstrom kicking away a shot by Robert Holik, right, of the Czech Republic.

Jagr's appearance in the World Cup on Thursday was his first on a national team in front of Czech fans, who were hoping to catch a glimpse of the hero they otherwise knew only from television.

"We played strange hockey tonight," Jagr said after the game, the Czechs' second World Cup loss. On Tuesday, the team had been routed by Finland in Helsinki, 7-2.

The Czechs were outshot by the Swedes 27-17, managing only one shot on goal in the second period.

Tommy Soderstrom of the National Hockey League's New York Islanders recorded the shutout. The victory assured Sweden of a place in the second round. Finland also advanced into the second round by routing Germany, 8-3, on Wednesday.

The Czechs will play Germany on Saturday for third place in round two of the European pool.

Yanks' Swoon Continues

N.Y. Has Lost 9 Games in Standings in a Month

Compiled by Our Staff From Dispatches

ANAHEIM, California — Each loss looks uglier than the one before. Each loss is one more chance for the Baltimore Orioles and the Boston Red Sox to climb nearer to the top of the American League East. Each loss is more painful, puzzling and perplexing.

If these are the real Yankees, a team that fumbled its way to a 14-3 loss to the California Angels on Thursday night, then the final 29 games of the season are going to be awfully exasperating for New York.

The Yankees have kicked away 26 of their last 44 games and have lost nine games in the standings since July 29.

Tigers 4, Royals 1 Bobby Higginson hit a tiebreaking homer in the eighth inning as Detroit snapped a three-game losing streak with a victory over Kansas City.

Twins 6, Brewers 1 Frank Rodriguez became the first Minnesota pitcher to win 13 games in a season since 1992, and Roberto Kelly homered and drove in two runs as the Twins defeated Milwaukee. After giving up a run in the first, Rodriguez (13-10) shut out the Brewers the rest of the way.

Mariners 9, Orioles 6 In Seattle, Mark Whiten's grand slam with two outs in the bottom of the ninth inning rallied the Mariners over Baltimore.

In the National League:

Dodgers 2, Expos 1 Ramon Martinez beat his younger brother, Pedro, limiting Montreal to three hits in eight-plus innings. Mike Piazza and Eric Karros hit consecutive home runs in the fourth inning for the Dodgers.

The matchup of the Martinezes was the first between brothers since July 31, 1988, when the Dodgers' Mike Maddux beat his younger brother, Greg, in a 6-3 victory over the Chicago Cubs.

The Martinez brothers became the sixth set of siblings to face each other in major league history. They joined Virgil and Jesse Barnes, Don and Pat Underwood, Gaylord and Jim Perry, Joe and Phil Niekro and the Madduxes.

Braves 5, Pirates 1 Greg Maddux limited Pittsburgh to four hits over seven shutout innings and Jermaine Dye and Chipper Jones homered, leading Atlanta past Pittsburgh.

Reds 18, Rockies 7 Joe Oliver drove in a career-high seven runs with a grand slam and a three-run double, and Cincinnati had season highs in hits and runs. The Reds scored six runs in the fifth inning.

Padres 2, Mets 2 Joey Hamilton allowed two runs on six hits in eight-plus innings as San Diego handed new New York's new manager, Bobby Valentine, his third straight loss since replacing Dallas Green.

Cubs 4, Astros 3 Jose Hernandez broke a seventh-inning tie with a two-run single as Chicago ended Houston starter Shane Reynolds' five-game winning streak. Reynolds (16-7) lost for the first time in nine starts dating back to July 17.

Marlins 10, Cardinals 9 The Florida Marlins hit four home runs off Todd Stottlemyre in the first three innings and held on for their sixth straight victory. *(NYT, AP)*

BASEBALL ROUNDUP

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

EAST DIVISION

	W	L	Pct.	GB
New York	74	59	.536	—
Baltimore	70	63	.526	4
Boston	69	65	.515	5½
Toronto	63	71	.470	11½
Detroit	48	86	.358	26½

CENTRAL DIVISION

Cleveland	80	53	.601	—
Chicago	71	64	.526	10
Minnesota	67	67	.500	13½
Milwaukee	64	71	.474	17
Kansas City	61	74	.452	20

WEST DIVISION

Texas	75	58	.564	—
Seattle	70	61	.534	5
Oakland	64	72	.471	12½
California	62	75	.453	15

NATIONAL LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Atlanta	83	49	.629	—
Montreal	71	61	.538	12
Florida	64	70	.478	20
New York	59	75	.440	25
Philadelphia	54	80	.403	30

CENTRAL DIVISION

Houston	76	63	.547	—
St. Louis	69	65	.515	2½
Cincinnati	66	67	.496	5
Chicago	65	66	.496	5
Pittsburgh	56	77	.421	15

WEST DIVISION

San Diego	75	60	.556	—
Los Angeles	72	61	.541	2
Colorado	70	65	.518	5
San Francisco	57	74	.435	16

THURSDAY'S LINE SCORES

AMERICAN LEAGUE

Kansas City	000 000 100—1	12	0
Detroit	001 100 02x—4	9	0

Appier and Mackanin; Olivares, Eischen (7), Lima (9) and Ausmus. W— Eischen, 1-0. L— Appier, 11-10. Sv— Lima (2). HR— Detroit, Higginson (21).

Minnesota	012 002 001—4	11	0
Milwaukee	100 000 000—1	9	0

F.Rodriguez and Walbeck; Karl, Fiorie (9) and Levis. W—F. Rodriguez, 13-10. L—Karl, 10-7. HR—Minnesota, R. Kelly (25).

New York	000 030 000—3	6	1
California	400 305 02x—14	15	1

Whitehurst, Boehringer (7), Lloyd (6), Powell (8) and Girardi; Harris, Holtz (5), Grimsley (8) and Fabregas. W— Holtz, 3-2. L— Whitehurst, 1-1. HRs— New York, Girardi (2), Cole, Edmonds (25). C. Anderson (11).

Baltimore	200 020 200—4	10	0
Seattle	101 300 004—9	11	2

Haynes, Comia (4), Mikolas (5), Benitez (8), Orosco (7), Te.Mahomes (8), R. Myers (9) and Holles, Parent (9); B.Wells, Ayala (5), T. Davis (8), Charlton (9) and D. Wilson, W— Charlton, 3-4. L— R. Myers, 3-4. HRs— Baltimore, Benitez 2 (21), Br.Anderson 2 (40). Seattle, Widger (5).

NATIONAL LEAGUE

San Diego	000 020 001—3	11	2
New York	200 000 00x—2	6	1

Hamilton, Hoffman (9) and S. Johnson; P.Wilson, DiPoto (8), Byrd (9) and Hayes. W— Hamilton, 13-7. L— P. Wilson, 4-11. Sv— Hoffman (33).

Atlanta	001 000 120—3	7	0
Pittsburgh	000 000 001—1	7	0

G.Maddux, McMichael (8), Borowski (9), Wohlers (9), Ed.Perez, J.Lopez (5), Leiber, Plesac (8), Micell (9) and Osik. W— G. Maddux, 13-10. L— Leiber, 6-5. Sv— Wohlers (39). HR— Atlanta, Co.Jones (29), Dye (9).

Chicago	000 200 200—4	6	1
Houston	010 001 10x—3	9	0

Navarro, Wendell (7) and Houston; Reynolds, Brocail (8) and Manwaring. W— Navarro, 13-9. L— Reynolds, 16-7. Wendell (15). HRs— Chicago, Grace (8). Houston, Bagwell (29), D. Bell (17).

Cincinnati	020 166 300—16	17	0
Colorado	000 200 022—7	12	2

Burba, J. Ruffin (9) and J. Oliver; Ma.Thompson, Burke (5), Bailey (7), M. Munoz (8), Holmes (9) and J. Owens. W— Burba, 8-13. L— Ma.Thompson, 7-9. HRs— Cincinnati, Boone (11), E. Davis (24), J. Oliver (9). Colorado, Bichette (28).

Los Angeles	000 200 000—2	6	0
Montreal	001 000 20x—3	7	0

R.Martinez, Te.Worrell (9) and Piazza; P.J.Martinez and D.Fletcher. W— R. Martinez, 11-6. L— P. J.Martinez, 11-7. Sv— Te.Worrell (36). HRs— Los Angeles, Piazza (31), Karros (29).

Florida	502 001 010—10	15	1
St. Louis	000 131 103—9	14	1

A.Leiter, V. Perez (7), F. Heredia (8), Powell (9), Nen (9) and Zaun; Stottlemyre, Fossas (3), Honeycutt (6), Bailey (8), Petkovsek (8) and Pagnozzi. W— A. Leiter, 14-11. L— Stottlemyre, 11-10. Sv— Nen (29). HRs— Florida, Sheffield (37), Cabrera (14), Dr.White (12), Arias (3). St.Louis, Gant (26) off Powell.

Japanese Leagues

CENTRAL LEAGUE

	W	L	T	Pct	GB
Yomiuri	62	47	0	.569	—
Hiroshima	60	47	0	.561	1
Chunichi	57	49	0	.538	3½
Yakult	53	55	0	.491	8½
Yokohama	47	61	0	.435	14½
Hanshin	44	64	0	.407	17½

FRIDAY'S RESULTS

Yokuri 5, Hanshin 1
Yokohama 12, Hiroshima 9
Yomiuri 8, Chunichi 7

PACIFIC LEAGUE

	W	L	T	Pct	GB
Daiei	59	43	5	.575	—
Nippon Ham	61	46	3	.570	—
Kintetsu	49	52	7	.485	9½
Lotte	48	54	7	.471	11
Seibu	47	60	1	.450	13½
Orix	47	58	2	.450	13½

FRIDAY'S RESULTS

Orix 12, Daiei 4
Lotte 7, Seibu 2

FOOTBALL

Major College Scores

THURSDAY'S RESULTS

Buffalo at. Temple St. 25
Cent. Florida 35, Bridgeport & Mary 33
S. Illinois 52, W. Michigan 25
E. Tennessee St. 24, Liberty 20
Fresno St. 28, Arizona 0
Milwaukee 20, St. Francis, Ill. 19
Roberts Wesleyan 43, Mars Hill 0
Kansas 25, Rice 22
New Mexico 23, New Mexico St. 7
N. Arizona 28, W. New Mexico 0
Northeastern 22, Maine 21
Portland, Mich. 28, Michigan Tech 28
NE Louisiana 14, Nicholls St. 12
Ohio U. 44, Akron 14
Western Michigan 49, S. New Mexico 13
W. Kentucky 66, Ky. Wesleyan 0
Wake Forest 19, Appalachian St. 13
W. Illinois 44, NW Oklahoma 21
Youngstown St. 28, Walford 0

FRIDAY'S RESULTS

Alcorn St. 31, Miss. Val. St. 0
Arkansas St. 31, Southern Miss. 27
Boise St. 42, Idaho St. 0
Cincinnati 31, Kentucky 0
Colgate 31, Lehigh 0
Delaware St. 24, Hampton 21
Duquesne 31, Georgetown, Ky. 0
Eastern Kentucky 31, Tennessee Tech 0
Fairfield 31, Iona 0
Fordham 31, Holy Cross 0
Georgia Tech 31, Virginia 0
Hofstra 31, Rhode Island 0
Jacksonville St. 31, Troy St. 0
Kent St. 31, Ball St. 0
Lafayette 31, Bucknell 0
Lehigh 31, Colgate 0
Louisiana Tech 31, Texas-El Paso 0
Marshall 31, Akron 0
Memphis St. 31, Tulsa 0
Miami, Fla. 31, Houston 0
Middle Tennessee St. 31, Austin Peay 0
Mississippi St. 31, Memphis 0
Missouri 31, Illinois 0
Morehead St. 31, Kentucky St. 0
Murray St. 31, Tennessee St. 0
Nevada 31, Utah St. 0
New Hampshire 31, Maine 0
Northern Iowa 31, Indiana St. 0
Northwestern 31, Duke 0
Ohio St. 31, Texas Christian 0
Oklahoma St. 31, Texas Tech 0
Pittsburgh 31, Navy 0
Princeton 31, Dartmouth 0
Rutgers 31, Temple 0
Samford 31, Chattanooga 0
San Diego St. 31, Pacific, Calif. 0
Southern Cal 31, Arizona St. 0
Southern Methodist 31, Texas 0
Stanford 31, Oregon St. 0
Syracuse 31, Boston College 0
Tennessee 31, Georgia 0
Tennessee Martin 31, Eastern Illinois 0
Texas A&M 31, Louisiana St. 0
Toledo 31, Bowling Green 0
Tulane 31, Southwestern La. 0
UCLA 31, Washington St. 0
Utah 31, Colorado St. 0
Vanderbilt 31, Mississippi 0
Villanova 31, Richmond 0
Virginia Tech 31, Clemson 0
Wake Forest 31, Appalachian St. 0
Washington 31, California 0
Western Carolina 31, Furman 0
William & Mary 31, Davidson 0
Wisconsin 31, Northwestern 0
Wyoming 31, Air Force 0

HOCKEY

World Cup

FIRST ROUND

THURSDAY'S RESULTS

Russia	1	2	0—3
Canada	2	0	3—5

First Period: 1. R- Kovalev 1 (Yushkevich, Fetisov) 2. C- Damphousse 1 (Linden) (sh) 3. Canada, Desjardins 1 (Messier, Niedermayer) (pp). 4. Canada, Shanahan 1 (Messier, Niedermayer) Second Period: 5. R-Malakhov 1 (Zhamnov, Nikolishin), 6. R-Fedorov 1 (Kasparaitis). Third Period: 7. Canada, Sakic 1 (Coffey, Gretzky) (pp). 8. Canada, Fleury 1 (Gretzky, Stevens) (pp). Shots on goal: R- 6-15-8—29. C- 17-6-12—35. Power-play opportunities: R- 0-4; C- 3-7. Goalies: R- Khabibulin (35 shots, 30 saves); C- Joseph (29, 26).

Czech Republic	0	0	0—0
Sweden	1	2	0—3

First Period: 1. S- Sundin (Lindstroem). Second Period: 1. S- C. Johnsson (Forsberg) 2. Berglund (C. Johnsson). Third Period: None. Shots on Goal: C- 10-1-11—22. S- 11-10-6—27. Power-play Opportunities: C- 0 out of 4; S- 0 out of 4. Goalies: C- Turek (27 shots, 24 saves). S- Soderstrom (22, 22).

STANDINGS: American Division— Canada 2; Slovakia 0; United States 0; Russia 0. **European Division**— Finland 4, Sweden 4, Germany 0, Czech Republic 0.

SOCCER

DUTCH FIRST DIVISION

NAC Breda 1, NEC Nijmegen 1

STANDINGS: PSV Eindhoven 9; Feyenoord Rotterdam 7, Vitesse Arnhem 7; Heerenveen 6, Ajax Amsterdam 6, Twente Enschede 5, RKC Waalwijk 4, Graafschap Doetinchem 4, NAC Breda 4, Fortuna Sittard 4, Roda JC Kerkrade 3, Utrecht 2, Sparta Rotterdam 2, Groningen 2, NEC Nijmegen 2, Willem II Tilburg 1, AZ Alkmaar 1, Volendam 1.

CRICKET

SINGER CUP

AUSTRALIA VS. SRI LANKA

FRIDAY, IN COLOMBO

Australia innings: 228-9 (50 overs)
Sri Lanka innings: 232-6 (45.5 overs)
Result: Sri Lanka won by four wickets.
STANDINGS: Sri Lanka 4 points; Australia 2; India 0, Zimbabwe 0.

BASKETBALL

INTERNATIONAL TOURNAMENT

QUALIFYING RESULTS

Olympiakos 69, Dinamo 60
Partizan 97, Benetton 94

TENNIS

U.S. Open

FRIDAY'S RESULTS

MEN'S SINGLES, SECOND ROUND

Stark Philippoussis, Australia, def. Andrei Olhovskiy, Russia, 6-3, 6-4, 6-2; Tim Henman, Britain, def. Doug Flach, U.S., 6-3, 6-4, 6-2; Guy Forget, France, def. Felix Mantilla (17), Spain, 6-4, 7-5, 6-3; Sjeng Schalken, Netherlands, def. David Rikl, Czech Republic, 6-2, 6-4, 6-4; Goran Ivanisevic (4), Croatia, def. Scott Draper, Australia, 6-7 (1-7), 6-3, 6-4, 6-4; Alexander Volkov, Russia, def. Mikael Tillstrom, Sweden, 7-6, 6-4, 6-1, 4-6, 7-6 (10-8).

WOMEN'S SINGLES, THIRD ROUND

Sandrine Testud, France, def. Ines Gorrochategui, Argentina, 4-6, 6-2, 6-1.

THURSDAY'S LATE RESULTS

MEN'S SINGLES, SECOND ROUND

Thomas Muster (3), Austria, def. Dirk Dier, Germany, 6-3, 6-2, 6-4; Pablo Campana, Ecuador, def. Mark Knowles, Bahamas, 7-6 (7-3), 3-6, 6-3, 6-7 (3-7), 6-3; Jason Stoltenberg, Australia, def. Kenneth Carlsen, Denmark, 6-3, 7-6 (7-1), 6-3; Arnaud Boetsch, France, def. Magnus Gustafsson, Sweden, 7-6 (8-6), 6-3, 6-1; Javier Sanchez, Spain, def. Jim Grabb, U.S., 6-2, 7-6 (7-3), 2-6, 6-3; Andre Agassi (6), U.S., def. Leander Paes, India, 3-6, 6-4, 6-1, 6-0; Hernan Gumy, Argentina, def. Jared Palmer, U.S., 6-7 (5-7), 6-3, 7-6 (7-4), 0-6, 7-6 (7-1); David Wheaton, U.S., def. Frederic Vitoux, France, 6-4, 6-4, 4-6, 7-6 (7-4); Jan Siemerink, Netherlands, def. Carlos Moya, Spain, 7-6 (7-2), 6-4, 6-4; Jeff Tarango, U.S., def. Marcelo Rios (10), Chile, 6-4, 4-6, 7-6 (7-5), 6-2; Alex O'Brien, U.S., def. MaliVai Washington (11), U.S., 6-3, 6-4, 5-7, 7-6, 6-2.

WOMEN'S SINGLES, SECOND ROUND

Jana Novotna (7), Czech Rep., def. Florencia Labat, Argentina, 6-2, 4-6, 6-2; Judith Wiesner, Austria, def. Debbie Graham, U.S., 6-2, 7-5; Tami Whitlinger-Jones, U.S., def. Amy Frazier, U.S., 7-6 (7-3), 6-2; Martina Hingis (16), Switzerland, def. Miriam Oremans, Netherlands, 6-4, 6-4; Arantxa Sanchez Vicario (3), Spain, def. Nicole Arendt, U.S., 6-2, 6-2.

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

BALTIMORE—Acquired 3B Todd Zeile and OF Pete Incaviglia from Philadelphia for two players to be named. Designated RHPs Garrett Stephenson and Keith Shepherd for assignment.

BOSTON—Claimed 3B Jeff Manto off waivers from Seattle. Optioned RHP Brad Knackert to Pawtucket. IL. Designated C Alex Delgado for assignment.

CALIFORNIA—Designated LHP Kyle Abbott for Vancouver, PCL.

NEW YORK—Acquired RHP Ricky Bones and a player to be named from Milwaukee as compensation for injured status of OF-INF Pat Listach.

SEATTLE—Acquired 3B Dave Hollins from Minnesota for a minor league player to be named. Put 3B Jeff Manto on waivers for the purpose of giving him his release.

NATIONAL LEAGUE

COLORADO—Bought contract of SS Neifi Perez from Colorado Springs, PCL.

BASKETBALL

NATIONAL BASKETBALL ASSOCIATION

SAN ANTONIO—Signed G Vernon Maxwell.

TORONTO—Signed F Walt Williams to one-year contract.

FOOTBALL

NATIONAL FOOTBALL LEAGUE

ATLANTA—Re-signed CB D.J. Johnson to 1-year contract. Signed WR Burnell Roques. Extended contract of RB Craig Heyward one year. Put CB Tim Denton on injured reserve.

CHICAGO—Signed C Rob Davis, WR John Jackson. Waived WR Travis Hannah and terminated contract of OL Mike Sullivan.

DENVER—Signed RB Vaughn Hebron. Signed TE Michael Tilley to practice squad. Released RB Gary Downs.

JACKSONVILLE—Signed DT Andre Davis to practice squad.

MIAMI—Signed TE Bobby Neely to practice squad.

N.Y. GIANTS—Signed WR Kevin Alexander to practice squad.

N.Y. JETS—Signed T James Parrish. Waived C-G John Beck.

PHILADELPHIA—Signed RB Chris Buckhalter, WR Dietrich Burks, CB Fredric Ford, LB Whit Marshall to practice squad.

ST. LOUIS—Released LB Thomas Homco. Signed LB Antonio Goss.

HOCKEY

NATIONAL HOCKEY LEAGUE

COLORADO—Signed Marc Crawford, coach, to three-year contract extension.

DETROIT—Traded RW Dino Ciccarelli to Tampa Bay for a 1998 conditional draft pick.

EDMONTON—Signed C Jesse Belanger to two-year contract.

LOS ANGELES—Signed G Jean-Claude Bergeron to one-year contract.

PHOENIX—Signed F-C Reggie Savage.

COLLEGE

MICHIGAN STATE—Declared DE Tim Lows academically ineligible for upcoming season.

VIRGINIA—Announced that freshman F Craig McAndrew will be ineligible for the first seven games of basketball season. Announced that C Chase Mefferty has rejoined basketball team.

IHT Puts Baseball Stats on the Internet

All the box scores and the TV schedule on the IHT web site:
http://www.iht.com/IHT/SPORTS/bbl.html

صكذا من الأصل

SPORTS

Can Anyone Knock Off the Cowboys? It's Finally Time to Find Out

By Lonnie White
Los Angeles Times Service

The National Football League's 1996 season begins on Sunday. Following are forecasts for all teams, which are listed in predicted order of finish.

National Conference

Eastern Division

DALLAS COWBOYS *Last season: 12-4. Super Bowl champions. This season: 11-5, Repeat Winner of Super Bowl.*

Key Questions: Will off-field distractions prevent the Cowboys from repeating? Can Emmitt Smith stay injury-free? How much will the losses of cornerback Larry Brown, defensive tackle Russell Maryland and linebackers Robert Jones and Dixon Edwards to free agency hurt the defense?

Players on the Spot: Wide receiver Kevin Williams. He has to get the ball more with Michael Irvin out for the first five games. Middle linebacker Fred Strickland. A tough defender, he has to replace Jones in the middle.

Achilles' Heel: Lack of depth. If injuries hamper key starters, the Cowboys become an ordinary team.

PHILADELPHIA EAGLES *Last season: 10-6, advanced to NFC semifinals. This season: 8-8.*

Key Questions: Can quarterback Rodney Peete stay unhurt long enough to get the offense in gear? Can Coach Ray Rhodes keep running backs Rickey Watters and Charlie Garner both happy with enough carries?

Players on the Spot: Wide receiver Irving Fryar. He will face constant double-coverage because of the lack of a solid second receiver. Cornerback Troy Vincent. He did not leave Miami on a high note but figures to play a key role. Defensive end Mike Mamula. This undersized second-year player has to be more aggressive against the run.

Achilles' Heel: An offensive line with three new players and problems with pass protection in offensive coordinator Jon Gruden's West Coast offense.

WASHINGTON REDSKINS *Last season: 6-10. This season: 8-8.*

Key Questions: How long will Coach Norv Turner stick with Gus Frerotte as starting quarterback? Can the Redskins duplicate last season's sweep of Dallas? Can Terry Allen rush for more than 1,000 yards again this season?

Players on the Spot: Defensive tackle Sean Gilbert. The Redskins traded their sixth pick of the draft to get him from the Rams and he must produce. Wide receiver Henry Ellard. Again this year, at 35, he must prove that he is not too old. Cornerback Tom Carter. He's a talented cover man who gets beat too much for a blitzing defense like the Redskins.

Achilles' Heel: Last season the Redskins' quarterback combination of Heath Shuler and Frerotte threw for 16 touchdowns, but also threw 20 interceptions.

ARIZONA CARDINALS *Last season: 4-12. This season: 6-10.*

Key Questions: Can Coach Vince Tobin provide some stability to a franchise that has had only one winning season since moving to Arizona in 1988? Do the Cardinals really have a chance with Boomer Esiason starting at quarterback?

Player on the Spot: Running back Leeland McElroy. With Garrison Hearst waived and now in Cincinnati, this rookie from Texas A&M will get his chance to carry the ball.

Achilles' Heel: Arizona has arguably three of the best players in the NFC at their positions in defensive tackle Eric Swann, linebacker Seth Joyner and cornerback Aeneas Williams, but the offense led the league with 43 giveaways last season.

NEW YORK GIANTS *Last season: 5-11. This season: 5-11.*

Key Questions: Does Coach Dan Reeves believe in quarterback Dave Brown? Can an offense that relies on the running game work with such a weak offensive line?

Players on the Spot: Running backs Rodney Hampton and Tyrone Wheatley. They will get a lot of carries but will have to break tackles to gain yards. Defensive tackle Keith Hamilton. A converted end who moved inside last season, he will be counted on to plug the middle.

Achilles' Heel: A defense that gave up an average of 132 yards rushing last season and sacked opposing quarterbacks only 29 times.

Central Division

GREEN BAY PACKERS *Last season: 11-5, advanced to NFC final. This season: 11-5, advance to NFC semifinals.*

Key Questions: Can Brett Favre have another MVP-type season without turning to painkillers? Will defensive tackle Santana Dotson free defensive end Reggie White more? Do the Packers need the home-field advantage in the playoffs to reach the Super Bowl?

Players on the Spot: Wide receivers Don Beebe, Desmond Howard and Derrick Mayes. Robert Brooks is Favre's favorite target but someone will have to replace Anthony Morgan, who was waived.

Achilles' Heel: Linebackers vulnerable to the run.

DETROIT LIONS *Last season: 10-6, advanced to NFC semifinals. This season: 9-7, advance to NFC semifinals.*

Key Questions: If the Lions start slow again, will Coach Wayne Fontes finally be fired? Can new defensive coordinator Jim Eddy, who coached Dallas' linebackers last season, salvage a weak and slow unit?

Players on the Spot: Middle linebacker Michael Brooks. Struggled playing for New York Giants last season and now has to replace Chris Spielman, who signed with Buffalo. Cornerbacks Corey Raymond and Ryan McNeil. Neither has a reputation for solid man-to-man coverage but will have to step up with Willie Clay now playing for New England.

Achilles' Heel: With an all-star offense featuring Barry Sanders, Herman Moore, Brett Perriman and Scott Mitchell, Fontes' job will once again depend on a mediocre defense that keeps the Lions from greatness.

CHICAGO BEARS *Last season: 9-7. This season: 9-7, advance to NFC first round.*

Key Questions: Will Quarterback Erik Kramer continue to prosper under coordinator Ron Turner's offense? Will defensive tackle Chris Zorich's season-ending knee injury make the defense more vulnerable in the middle?

Player on the Spot: Wide receiver Curtis Conway. Started out fast last season, then faltered down the stretch.

Achilles' Heel: A secondary so thin that Coach Dave Wannstedt traded up in the first round to draft cornerback Walt Harris of Mississippi State.

MINNESOTA VIKINGS *Last season: 8-8. This season: 8-8.*

Key Questions: How much will the defense miss coordinator Tony Dungy, who left to become head coach at Tampa Bay? Will the offense have a running game?

Player on the Spot: Quarterback Warren Moon. Last season he matched his career high with 33 touchdown passes, but will turn 40 in November.

Achilles' Heel: A secondary that gave up a franchise-record 4,122 yards passing last season.

TAMPA BAY BUCCANEERS *Last season: 7-9. This season: 5-11.*

Key Questions: Is Trent Dilfer the right quarterback to start new Coach Tony Dungy's rebuilding program? Can rookie fullback Mike Alstott be a first-year sensation?

Players on the Spot: Defensive end Eric Curry. This former No. 1 draft pick who has quietly been a role player. Wide receiver Alvin Harper. After an early season injury, the former Cowboy never played up to expectations.

Achilles' Heel: An offense that was among the league's worst last season. Leading rusher Errict Rhett scored 11 of the team's 24 touchdowns on offense.

Western Division

SAN FRANCISCO 49ers *Last season: 11-5, advanced to NFC semifinals. This season: 11-5, advance to NFC final.*

Key Questions: How long will it take for Bill Walsh to emerge after beginning the season as a behind-the-scenes assistant to offensive coordinator Marc Trestman?

Player on the Spot: Wide receiver J.J. Stokes. Big things are expected from former UCLA standout, who replaces retired John Taylor.

Achilles' Heel: A running game that strikes fear in the hearts of no one but the 49ers, with Derek Loville and Tommy Vardell as starters.

ATLANTA FALCONS *Last season: 9-7, advanced to NFC first round. This season: 9-7, advance to NFC first round.*

Key Questions: Will Jeff George finally shake his reputation as a quarterback who can't win big games? After giving up a league-record 4,541 yards passing last season, can the defense stop opponents' air attacks?

Player on the Spot: Free safety Patrick Bates. Needs to reach potential after sitting out last season because of a dispute with the Oakland Raiders.

Achilles' Heel: An offensive line that has to be able to open holes for running backs Craig Heyward and Jamal Anderson, and give George enough time to complete passes to receivers Eric Metcalf, Terance Mathis and Bert Emanuel.

CAROLINA PANTHERS *Last season: 7-9. This season: 8-8.*

Key Questions: Was last season's expansion-franchise record a fluke? Can the defense top last season's 36 sacks and 37 take-away totals?

Player on the Spot: Running back Tim Biakabutuka. Rookie from Michigan signed late but will have to bear the brunt of the running game.

Achilles' Heel: An offense that turned the ball over more than all but two teams in the league and relies too much on kicker John Kasay.

ST. LOUIS RAMS *Last season: 7-9. This season: 6-10.*

Key Questions: Can defensive end Leslie O'Neal, a free agent from San Diego, give the defense some toughness? Will Steve Walsh start at quarterback the entire season or will rookie Tony Banks take over?

Player on the Spot: Running back Lawrence Phillips. Rookie from Nebraska whose off-field problems overshadowed his solid play during the exhibition season.

Achilles' Heel: A defense that had 14 takeaways last September but gave up 17 touchdowns over the last seven games.

NEW ORLEANS SAINTS *Last season: 7-9. This season: 6-10.*

Key Questions: Why did the defense change to a 4-3 alignment last season after so many successful years with the 3-4? Can running back Mario Bates become the first Saint to have consecutive 1,000-yard seasons this decade?

Player on the Spot: Quarterback Jim Everett. He will have to carry a team that is bound to give up a lot of points on defense.

Achilles' Heel: A defensive line that can rush the quarterback with the likes of Wayne Martin and Renaldo Turnbull, but has problems against the run.

American Conference

Eastern Division

INDIANAPOLIS COLTS *Last season: 9-7, advanced to AFC championship game. This season: 11-5, advance to Super Bowl.*

Key Questions: Can quarterback Jim Harbaugh top last year's Pro Bowl season? Will newcomers Troy Auzenne and Jay Leeuwenburg boost a mediocre offensive line? Is running back Marshall Faulk on a downslide?

Player on the Spot: Linebacker Quentin Coyatt. He may be the AFC's dominant defender.

Achilles' Heel: A defense that sacked quarterbacks only 29 times last season.

MIAMI DOLPHINS *Last season: 9-7. This season: 9-7.*

Key Questions: Can Coach Jimmy Johnson take the Dolphins to the Super Bowl in his first season? Will the offense have a running game to complement quarterback Dan Marino? Player on the Spot: Wide receiver O.J. McDuffie. With Irving Fryer now in Philadelphia, he becomes Marino's main target.

Achilles' Heel: A rushing game that has not produced a 1,000-yard rusher since Delvin Williams in 1978.

BUFFALO BILLS *Last season: 10-6, advanced to AFC semifinals. This season: 8-8.*

Key Questions: Can quarterback Jim Kelly avoid injury and lead the Bills into the playoffs? Can linebacker Bryce Paup duplicate last season's defensive-player-of-the-year season?

Player on the Spot: Running back Thurman Thomas. The versatile back is going for his seventh consecutive 1,000-yard season.

Achilles' Heel: Age and injuries to key players could quickly turn the Bills from contenders to a rebuilding team.

NEW ENGLAND PATRIOTS *Last season: 6-10. This season: 8-8.*

Key Questions: Will Coach Bill Parcells make it through the season? Will quarterback Drew Bledsoe bounce back after throwing 16 interceptions last season?

Player on the Spot: Running back Curtis Martin. He will be asked to carry an offense that relies on the first-down run.

Achilles' Heel: An offense that struggled to score touchdowns inside opponent's 20-yard line in finishing 29th in the league last season.

NEW YORK JETS *Last season: 3-13. This season: 3-13.*

Key Questions: Will Coach Rich Kotite make it to the end of the season? Will the offense have a rushing attack with Adrian Murrell as its' top back?

Players on the Spot: Wide receiver Keyshawn Johnson. There are great expectations for the No. 1 pick from USC. Quarterback Neil O'Donnell. Has to lead a team that scored only 22 touchdowns last season.

Achilles' Heel: A rushing attack that scored only two touchdowns behind a weak offensive line.

Central Division

BALTIMORE RAVENS *Last season: 5-11 as Cleveland Browns. This season: 9-7, advance to AFC semifinals.*

Key Questions: Will the move from Cleveland affect the team's play? Will Coach Ted Marchibroda feature a controlled passing offense or a power rushing attack?

Player on the Spot: Quarterback Vinnie Testaverde. The Ravens can win the division title if he has a big season.

Achilles' Heel: A running game, featuring an aging Earnest Byner, that lacks breakaway speed.

PITTSBURGH STEELERS *Last season: 11-5, advanced to Super Bowl. This season: 8-8.*

Key Questions: Can quarterback Jim Miller really be expected to lead this team into the playoffs? Will newcomer running back Jerome Bettis return to Pro Bowl form?

Player on the Spot: Quarterback-wide receiver Kordell Stewart. Has to continue to be effective from various positions in a dull offense.

Achilles' Heel: Quarterback Neil O'Donnell, now with the Jets, was efficient in the Steelers' ball-control offense and will be missed.

CINCINNATI BENGALS *Last season: 7-9. This season: 8-8.*

Key Questions: Will quarterback Jeff Blake continue to tear secondaries apart with his deep passing skills?

Player on the Spot: Running back Ki-Jana Carter. Former No. 1 pick, who missed all of his rookie season with a knee injury, must take some heat off Blake.

Achilles' Heel: A defense that last season gave up 6,349 yards, the fourth worst in league history.

HOUSTON OILERS *Last season: 7-9. This season: 6-10.*

Key Questions: Is quarterback Steve McNair ready to be a full-time starter? Can wide receiver Chris Sanders replace Haywood Jeffires as the team's go-to guy?

Player on the Spot: Running back Eddie George. Big things are expected from the Heisman-winning rookie.

Achilles' Heel: A pass rush that recorded only 30 sacks last season.

JACKSONVILLE JAGUARS *Last season: 4-12. This season: 4-12.*

Key Questions: Can wide receiver Andre Rison cope under Coach Tom Coughlin's disciplined style? Is running back Natrone Means the next Barry Foster? Can the defense produce more than a league-low 17 sacks of last season.

Player on the Spot: Quarterback Mark Brunnell. A talented young passer, he threw 15 touchdown passes and only five interceptions.

Achilles' Heel: A young offensive line that gave up the most sacks in the league last season, 57.

Western Division

KANSAS CITY CHIEFS *Last season: 13-3, advanced to AFC semifinals. This season: 10-6, advance to AFC championship game.*

Key Questions: Did quarterback Steve Bono's 21 touchdown passes and only 10 interceptions last season amount to a fluke? Can Marcus Allen continue to be the team's top rusher?

Player on the Spot: Wide receiver-kick returner Tamarick Vanover. After flashing his return ability last season, he will be counted on to do more as a receiver.

Achilles' Heel: The pressure of living up to such high expectations makes a successful regular season secondary.

SAN DIEGO CHARGERS *Last season: 9-7, advanced to AFC semifinals. This season: 10-6, advance to AFC semifinals.*

Key Questions: Will the offense have a running game with Aaron Hayden and Terrell Fletcher as the top backs?

Player on the Spot: Quarterback Stan Humphries. After leading the team to the Super Bowl two years ago, he needs to play a bigger role this season.

Achilles' Heel: With inconsistent Tony Martin as the leader, this receiving corps does not scare opposing defensive coordinators.

SEATTLE SEAHAWKS *Last season: 8-8. This season: 9-7, advance to AFC first round.*

Key Questions: Was last season's 6-2 finish an indicator of things to come this season? Will Rick Mirer throw for more than 300 yards in a game this season for the first time?

Player on the Spot: Wide receiver Brian Blades. Has to step up and play to the level of fellow receiver Joey Galloway.

Achilles' Heel: The AFC West has been rough the last five seasons for the Seahawks, who have a 9-31 record against division rivals.

DENVER BRONCOS *Last season: 8-8. This season: 9-7, advance to AFC first round.*

Key Questions: Can the defense stop division opponents? Is this quarterback John Elway's last hurrah?

Player on the Spot: Wide receiver Anthony Miller. Bounced back from a tough 1994 season with 14 touchdown receptions in a Pro Bowl season.

Achilles' Heel: Thanks to the lack of speed in the secondary, the defense intercepted a league-low eight passes last season.

OAKLAND RAIDERS *Last season: 8-8. This season: 8-8.*

Key Questions: Will two newcomers from Dallas, cornerback Larry Brown and defensive tackle Russell Maryland, make a difference in the defense? How many games will quarterback Jeff Hostetler miss because of injury?

Player on the Spot: Defensive end Pat Swilling. For the defense to be effective, he must be a pass-rushing force. Tight end Rickey Dudley. This talented rookie is counted on to be able to make tough catches. Achilles' Heel: The resignation of defensive coordinator John Fox raises more questions about owner Al Davis' role.

THIS WEEK'S GAMES

Arizona at Indianapolis
Atlanta at Carolina
Cincinnati at St. Louis
Detroit at Minnesota
Kansas City at Houston
Oakland at Baltimore
Philadelphia at Washington
Pittsburgh at Jacksonville
Green Bay at Tampa Bay
New England at Miami
N. Orleans at San Francisco
New York Jets at Denver
Seattle at San Diego
Buffalo at New York Giants
Dallas at Chicago

DENNIS THE MENACE



"I'LL LOOK AT THE PICTURES AND YOU CAN READ THE PLAY-BY-PLAY."

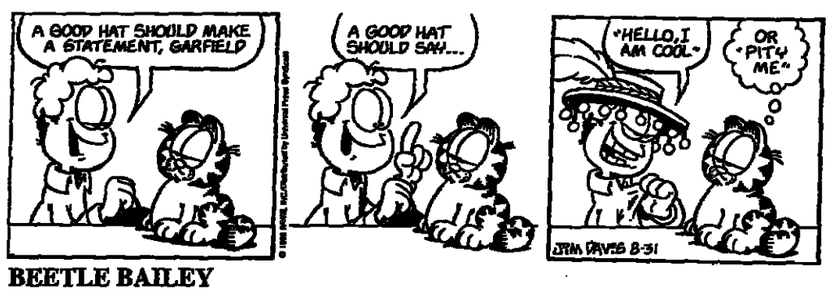
PEANUTS



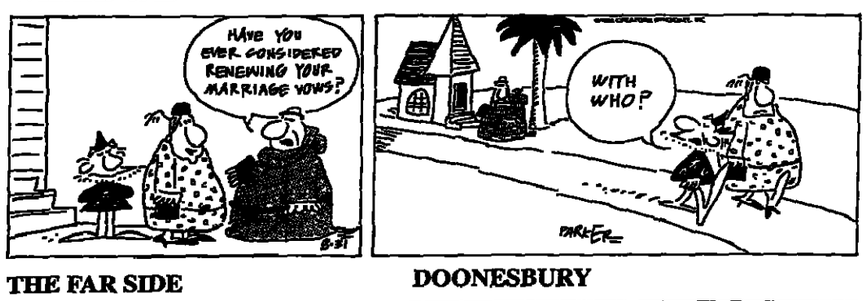
CALVIN AND HOBBES



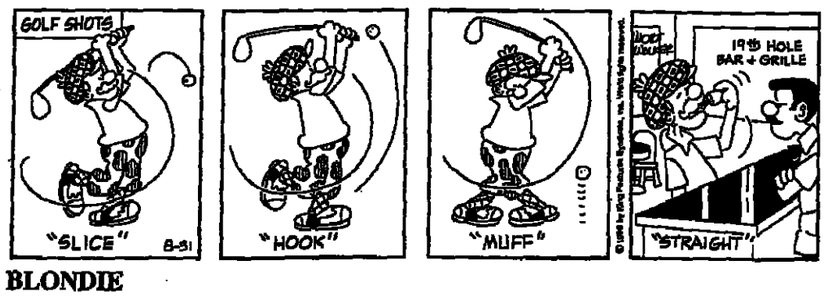
GARFIELD



WIZARD of ID



BEETLE BAILEY



THE FAR SIDE



"Hold it right there, Frank! ... If you're gonna shake, you do it in another room!"

DOONESBURY



JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

GRITE
NIXEV
RIMOAH
SPUMGY



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: A _____

(Answers Monday)

Yesterday's Jumbles: COVEY WHOSE DEDEIT BANANA
Answer: Difficult to do when you've had one too many — TIE ONE ON

BLONDIE



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DAVE BARRY

Where Buffalo Wings Roam

MIAMI — People often ask me how America became the world's greatest economic power, as measured in Remote Control Units Per Household (RCUPH). I answer: "Inventions."

Americans have always been great inventors. To cite one historic example: Back in 1879, a young man named Thomas Alva Edison was trying to develop a new light source. One day he was messing around in his laboratory with some filaments, when suddenly a thought struck him: The letters in "Thomas Alva Edison" could be rearranged to spell, "Do Have Salami Snot." This made him so depressed that he invented the phonograph, so he could listen to B.B. King records.

A more recent example of American inventiveness is "Buffalo-style" chicken wings. For many years, nobody ate chicken wings, and for a good reason: They are inedible. They are essentially meat-free bones. You might as well chew on a plate of toenails. But one day a shrewd restaurant owner came up with the idea of serving the wings "Buffalo-style," which means "to people who have been drinking beer." It is a known fact that beer-drinkers will eat pretty much anything. So chicken wings were an instant hit. Today, "Buffalo-style" chicken wings are served in restaurants all over the nation: The waitperson brings out a plate of bones, the customers gnaw on them for a while, and then the waitperson takes them back to the kitchen, where they're run through the dishwasher and placed on a plate for the next set of customers to gnaw on. This provides a big boost to the economy, and it is easier on the chickens.

□

And speaking of modern inventions, let's talk about the incredible convenience of cellular phones, especially for motorists. Years ago, when you were driving, you wasted your time on such nonproductive activities as listening to the radio, steering, etc. But now you can engage in productive conversations ("Hello Ted? Can you hear me? Hello? Ted? Can you . . . Hello? Ted? Can . . . Hello?"). You can also use your cellular phone to call for an ambulance after you rear-end somebody ("Hello? 911? Can you hear . . . Hello?").

The exciting thing is, at this very moment, Americans are thinking up inventions that could improve our lifestyles EVEN MORE. For example, I received a letter from a research scientist (unfortunately, I lost the letter, so I can't give you his name) who told me that he and some other research scientists were working on developing a system for — I believe this is how he worded it — "transmitting frozen margaritas over ordinary telephone lines." I speak for Americans everywhere when I say: Let's track these scientists down and give them a large federal grant.

Another fellow, Richard Jeanne, had a fine idea for improving the quality of the motoring experience. You know those irritating drivers who leave their turn signals blinking, sometimes all the way from New York to Cleveland? This irritation would be eliminated by Jeanne's idea for a new, improved turn signal: "After 15 seconds, the car will automatically turn in the direction indicated by the signal." Wouldn't that be great? It would remove at least 200,000 drivers from the road in Miami alone.

□

Speaking of irritations: Have you noticed that more people seem to be paying for EVERYTHING with credit cards? Last winter I waited in a long ticket line outside a movie theater near Detroit on a bitterly cold night because many people were charging their $3.50 tickets. Each purchase had to be approved by a central computer; meanwhile, the movie was starting and people in line were keeling over from frostbite and being dragged off into the parking lot by wolves. I have invented a way to prevent this kind of thing: For credit-card purchases under $20, the central computer would add an Annoyance Charge, based on the number of people in line, air temperature, and other factors. ("O.K., that's two tickets to 'Flipper'; with your senior-citizen discount and your Annoyance Charge, it comes to $237,000.")

I'll bet you have some good invention ideas, too, and I'd love to hear what they are. But please mail them in; we cannot accept phone calls. We're keeping the line open for margaritas.

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The Gentleman Volunteers of World War I

International Herald Tribune

PARIS — When the guns of August sounded in 1914, many young men cakewalked into the march of folly which, it was believed, would be over in months and would be a pity to miss. Sadly and horribly, they learned otherwise.

Outstanding in their naïveté and good nature were the young Americans, most of them from East Coast prep schools and Ivy

MARY BLUME

League colleges, who, in the words of one of them, sailed over "simply to see the excitement and the French people in wartime." They stayed on to become ambulance drivers for the French, the "Gentlemen Volunteers" of Arlen J. Hansen's recent book, published in the United States by Arcade. By the time the U.S. Army took over in 1917, 3,500 of them had served in privately funded ambulance units. The first to die was Richard Hall, a recent Dartmouth graduate, blown up on Christmas Day, 1915.

Mostly they drove converted Model T Fords or, sometimes Fiats, though some supplied their own Packards, Cadillacs, Lancias and even Rolls-Royces. The Ford was preferred for its soft ride: One of the first shocks for the gentlemen volunteers was the cry "*doucement, doucement*" — the wounded begging them to drive gently.

The young men had come, at their own expense, for adventure, or because they knew France and wanted to help out. In short order, despite American neutrality, there was highly efficient fund-raising and public relations aimed particularly at prep schools and universities. Wealthy Americans helped the French by giving money and ambulances and turning their châteaux into hospitals, but three men were the chief organizers of the highly efficient ambulance corps.

H. Herman Harjes, senior partner of the Morgan-Harjes bank in Paris, joined forces with Richard Norton to form the Norton-Harjes ambulance corps. Norton, the monocled son of Harvard's celebrated Charles Eliot Norton, came across as an amateur aesthete and proved a fine organizer, even persuading Henry James to write a PR piece for the American press. He was, said John Dos Passos, one of the volunteers, "a Harvard man of the old 19th-century school, snob if you like, but solid granite underneath."

The Norton-Harjes group was the more fashionable; the larger group, later known as the American Field Service, was led by A. Piatt Andrew (Princeton '93), who sailed for France in December, 1914.



William L. Foley Collection

Poster for a 1916 recruiting film for ambulance drivers.

Norton disliked Andrew, always calling him Andrews, but Andrew was a formidable organizer if a terrible driver. He got his French license after nearly hitting pedestrians, a flock of sheep and being referred to as an *assassin* during his test drive. While the Norton-Harjes group was affiliated with the American Red Cross, Andrew preferred not to deal with an impenetrably neutral organization that he said was also helping the enemy.

In addition to their rescue work, the gentlemen volunteers publicized the French cause early on by sending letters home describing field conditions (war correspondents having been banned from the front lines) which were published in local newspapers.

Professional writers also joined: Dos Passos and e.e. cummings, both unregenerate pacifists, cummings's views eventually causing him to be sent to the French internment camp which inspired his marvelous book, "The Enormous Room"; Julien Green; Charles Nordhoff (whose later "Mutiny on the Bounty" co-writer, James N. Hall, was in the Lafayette Escadrille); Sidney Howard, and Malcolm Cowley, who drove a truck.

Hansen also lists those celebrated for driving ambulances and who didn't. Walt Disney, hailed for his long-standing love for France when Euro-Disney opened in 1992, never got overseas. Nor did Dashiell Hammett. Ernest Hemingway, Hansen argues, drove an ambulance at most once or twice — fashionable Hemingway bashing but perhaps unfair in view of the fact that in Italy Hemingway, bored with inactivity, bicycled to the trenches with cigarettes and chocolate for the troops, was struck by shrapnel and still managed to sling a wounded soldier over his shoulder and carry him 50 yards until machine gun fire blasted his right knee.

Hansen gives credit to the women drivers, less welcomed by the Americans than by the British ("we want no neurotic women nor women to whom the romance of the cause is the first appeal"), but because his emphasis is on upper-class and literary volunteers he glides over the fact that cummings's section was headed by a garage mechanic from the Bronx and omits Crosby's reference to "Samuels, the camp Yid who inherits the customs and manners of his race."

When finally the United States entered the war in April 1917, the army wanted to militarize the gentlemen volunteers. Andrew was willing. Norton so enraged he resigned. Leaving what the young gentlemen considered the House of Lords to become common soldiers did not appeal; more attractively, the gentlemen volunteers had come to love and admire France's *poilus*, if not their officers, and wanted to remain by their side.

"You are not in the French army and you are not in the United States army. You are nothing but . . . a bunch of outcasts," an army recruiter told the volunteers. One unit, S.S.U. 18, gave the army its comeuppance when recruiters arrived and found the group spiffy and bemedaled, their bashed-up ambulances as shiny as possible. The recruiting officer thought they were waiting for him: in fact the section had assembled to receive, from the hands of the French, the Croix de Guerre.



Holger Hollemann/Agence France-Presse

THE THIRD DIMENSION — Spectators in special spectacles watching a 3-D film on a giant screen at an electronics fair in Hannover, Germany.

PEOPLE

THE actor **Mel Gibson** and the media mogul **Rupert Murdoch** are joining forces to produce and promote films, their film companies said Friday. Gibson's Icon Productions has already produced one film in alliance with Murdoch's Fox Filmed Entertainment Fox — the highly successful "Braveheart." Icon has also developed films including "Maverick," "Hamlet," "Forever Young" and "The Man Without a Face," all starring Gibson. A spokesman said the new venture, to begin early next year, would help foster new Australian talent. The Australian film industry has produced a number of surprise movie hits in recent years, among them "Strictly Ballroom" and "Muriel's Wedding."

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The marriage of the former England rugby captain **Will Carling** and his wife, **Julia**, has ended in divorce, with Julia blaming the couple's marital problems on **Princess Diana**. The Times of London reported Friday, just two days after Diana's divorce from **Prince Charles** became final. The newspaper said that the Carlings' two-year marriage had ended in a divorce court in Guildford, southeast England, earlier this month. It said Julia Carling brought the action, claiming the marriage had irretrievably broken down and blaming it on her husband's friendship with Diana. An opinion poll, meanwhile, showed a narrow majority of the British in favor of abolishing the monarchy before Charles can become king. In the poll, 52 percent of 42,000 people who phoned in to a BBC television program said they felt that **Queen Elizabeth** should be Britain's last monarch.

□

Kenny Rogers pulled a surprise gig at a birthday bash for the Las Vegas casino where he saw his career take off in the 1970s. The country singer, who was expected only to offer best wishes via a satellite hookup, showed up to perform for 500 guests celebrating the 50th anniversary of the Golden Nugget. Rogers, appearing on a giant screen as Mirage Resorts' chairman, **Steve Wynn**, talked about the history of the famous property, told a surprised Wynn that he would perform for the casino boss and his guests. Rogers then did a 30-minute show featuring some of his hits, including "The Gambler," "Lucille" and "I'll Be Back in the Highlife Again."

□

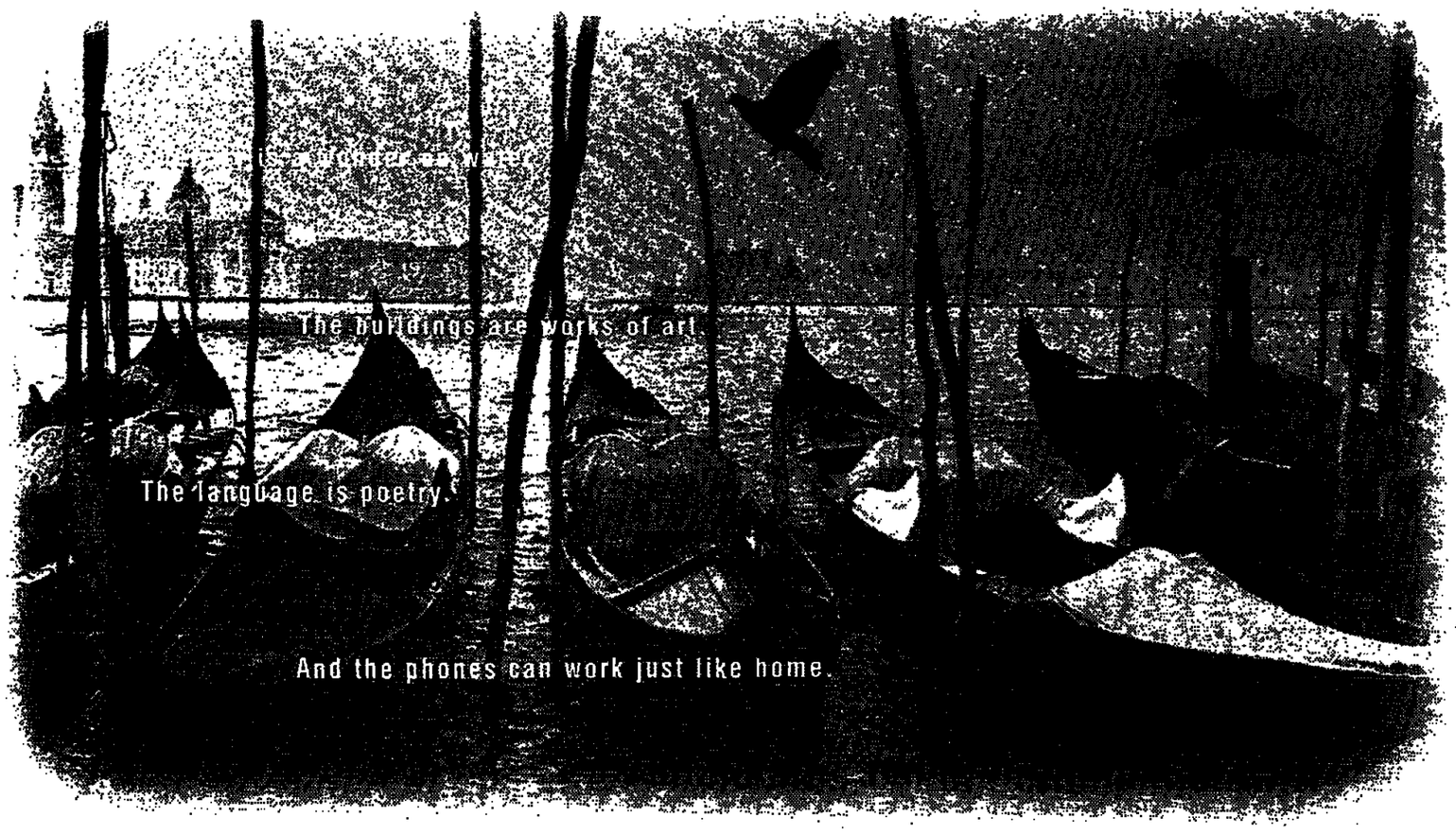
Paul Newman, actor and hawker of his own line of spaghetti sauce, salad dressing and popcorn, may be considering a new career — car dealer. He is considering buying Volvo City Milford-New Haven Inc., according to the Connecticut Post. "He has an interest. But it's really in the embryo stage," said **Carl Sherman**, president of Volvo City. Newman, a sometime race-car driver whose own fleet includes several classic cars and at least one Volvo, could not be reached for comment.

□

Bernard Tapie, the bankrupt French entrepreneur who still faces a string of legal proceedings, has hit the jackpot with his first starring film role. "Hommes, Femmes: Mode d'Emploi," directed by **Claude Lelouch**, pulled one of the biggest first-night audiences of recent years in France: 116,108 spectators. This is good news for Tapie, who negotiated a contract under which he receives 2.8 francs (about 56 cents) for each ticket purchased after the first 35,000. In other words, he has already made 227,102 francs and 40 centimes, or more than $45,000.

□

Victor Borge's lucky find of a New York Times account of the voyage that brought him to America 56 years ago got the comic pianist thinking about the nature of luck. "We were 900 people on a boat built for 170," Borge recalled, "and the ship's captain was furious because he had to sail through two minefields in the North Sea." He added, "Now that I read it again, it's amazing that we came through." Borge, 87, said he found the article Wednesday on the anniversary of his arrival in New York from Finland as a refugee. A passenger mentioned in the article, Borge Rosenbaum, as Borge was then known, was cited as a Danish "pianist-comedian" and an outspoken critic of Nazi Germany, which had occupied Denmark.



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